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ANNUAL REPORTS, WAR DEPARTMENT

FISCAL YEAR ENDED JUNE 30, 1909

REPORT OF THE

M.S.
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PHILIPPINE COMMISSION, 1909 -

TO THE SECRETARY OF WAR

1909

(IN ONE PART)



SPECIAL NOTICE.

THE matter contained herein comprises the entire Philippine Commission Report for the year ended June 30, 1909, as printed in the United States.

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FISCAL YEAR ENDED JUNE 30, 1909

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89

PHILIPPINE COMMISSION, 1909 -

TO THE SECRETARY OF WAR

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WASHINGTON
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ARRANGEMENT OF THE ANNUAL REPORTS OF THE WAR DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 1909.

- Volume I.....Secretary of War.
Chief of Staff.
The Adjutant-General.
Inspector-General.
Judge-Advocate-General.
- Volume II.....Armament, Transportation, and Supply:
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Commissary-General.
Surgeon-General.
Paymaster-General.
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Chief of Ordnance.^b
Chief Signal Officer.
Chief of Coast Artillery.
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3. Department of the Lakes.
4. Department of the Missouri.
5. Department of Dakota.
6. Department of Texas.
7. Department of the Colorado.
8. Department of California.
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10. Philippines Division.
11. Department of Luzon.
12. Department of the Visayas.
13. Department of Mindanao.
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- Volume IV.....Military Academy and Military Parks:
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4. Vicksburg.
- Volume V.....Chief of Engineers.
- Volume VI.....Chief of Ordnance.
- Volume VII.....Chief of Bureau of Insular Affairs, and The Philippine Commission.
- Volume VIII.....Acts of The Philippine Legislature.
- Volume IX.....Governor of Porto Rico.

^a Printed in Report of Chief of Engineers, Vol. V.
^b Printed in Report of Chief of Ordnance, Vol. VI.

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REPORT OF THE CHIEF OF THE BUREAU OF INSULAR
AFFAIRS TO THE SECRETARY OF WAR.

21401—WAR 1909—VOL 7——1

REPORT
OF THE
CHIEF OF THE BUREAU OF INSULAR AFFAIRS
TO THE
SECRETARY OF WAR.

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, October 31, 1909.

SIR: I have the honor to submit the following report of the Bureau of Insular Affairs for the past year:

PHILIPPINE ISLANDS.

LEGISLATION ENACTED BY THE SIXTIETH CONGRESS, SECOND SESSION,
AND THE SIXTY-FIRST CONGRESS, FIRST SESSION.

TRADE RELATIONS WITH THE UNITED STATES.

By far the most important legislation affecting the Philippine Islands enacted at either of these sessions was the provision contained in section 5 of the act approved August 5, 1909 (United States tariff-revision act), and section 12 of the Philippine tariff act, approved later on the same day.

Section 5 follows:

SEC. 5. That there shall be levied, collected, and paid upon all articles coming into the United States from the Philippine Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from foreign countries: *Provided*, That, except as otherwise hereinafter provided, all articles, the growth or product of or manufactured in the Philippine Islands from materials the growth or product of the Philippine Islands or of the United States, or of both, or which do not contain foreign materials to the value of more than twenty per centum of their total value, upon which no drawback of customs duties has been allowed therein, coming into the United States from the Philippine Islands shall hereafter be admitted free of duty, except rice, and except, in any fiscal year, sugar in excess of three hundred thousand gross tons, wrapper tobacco and filler tobacco when mixed or packed with more than fifteen per centum of wrapper tobacco in excess of three hundred thousand pounds, filler tobacco in excess of one million pounds, and cigars in excess of one hundred and fifty million cigars, which quantities shall be ascertained by the Secretary of the Treasury under such rules and regulations as he shall prescribe: *And provided further*, That sugar, refined or unrefined, and tobacco, manufactured or unmanufactured, imported into the Philippine Islands from foreign countries, shall be dutiable at rates of import duty therein not less than the

rates of import duty imposed upon sugar and tobacco in like forms when imported into the United States: *And provided further*, That, under rules and regulations to be prescribed by the Secretary of the Treasury, preference in the right of free entry of sugar to be imported into the United States from the Philippine Islands, as provided herein, shall be given, first, to the producers of less than five hundred gross tons in any fiscal year, then to producers of the lowest output in excess of five hundred gross tons in any fiscal year: *Provided, however*, That in consideration of the exemptions aforesaid, all articles, the growth, product, or manufacture of the United States, upon which no drawback of customs duties has been allowed therein, shall be admitted to the Philippine Islands from the United States free of duty: *And provided further*, That the free admission, herein provided, of such articles, the growth, product, or manufacture of the United States, into the Philippine Islands, or of the growth, product, or manufacture, as hereinbefore defined, of the Philippine Islands into the United States, shall be conditioned upon the direct shipment thereof from the country of origin to the country of destination: *Provided*, That direct shipment shall include shipments in bond through foreign territory contiguous to the United States: *Provided, however*, That if such articles become unpacked while en route by accident, wreck, or other casualty, or so damaged as to necessitate their repacking, the same shall be admitted free of duty upon satisfactory proof that the unpacking occurred through accident or necessity and that the merchandise involved is the identical merchandise originally shipped from the United States or the Philippine Islands, as the case may be, and that its condition has not been changed except for such damage as may have been sustained: *And provided further*, That all articles, the growth, product, or manufacture, as hereinbefore defined, of the Philippine Islands, admitted into the ports of the United States free of duty under the provisions of this section and shipped as hereinbefore provided from said islands to the United States for use and consumption therein, shall be hereafter exempt from the payment of any export duties imposed in the Philippine Islands: *And provided further*, That there shall be levied, collected, and paid, in the United States, upon articles, goods, wares, or merchandise coming into the United States from the Philippine Islands, a tax equal to the internal-revenue tax imposed in the United States upon the like articles, goods, wares, or merchandise of domestic manufacture; such tax to be paid by internal-revenue stamp or stamps, to be provided by the Commissioner of Internal Revenue, and to be affixed in such manner and under such regulations as he, with the approval of the Secretary of the Treasury, shall prescribe; and such articles, goods, wares, or merchandise, shipped from said islands to the United States, shall be exempt from the payment of any tax imposed by the internal-revenue laws of the Philippine Islands: *And provided further*, That there shall be levied, collected, and paid in the Philippine Islands, upon articles, goods, wares, or merchandise going into the Philippine Islands from the United States, a tax equal to the internal-revenue tax imposed in the Philippine Islands upon the like articles, goods, wares, or merchandise of Philippine Islands manufacture; such tax to be paid by internal-revenue stamps or otherwise, as provided by the laws in the Philippine Islands, and such articles, goods, wares, or merchandise going into the Philippine Islands from the United States shall be exempt from the payment of any tax imposed by the internal-revenue laws of the United States: *And provided further*, That, in addition to the customs taxes imposed in the Philippine Islands, there shall be levied, collected, and paid therein upon articles, goods, wares, or merchandise, imported into the Philippine Islands from countries other than the United States, the internal-revenue tax imposed by the Philippine government on like articles manufactured and consumed in the Philippine Islands or shipped thereto, for consumption therein, from the United States: *And provided further*, That from and after the passage of this act all internal revenues collected in or for account of the Philippine Islands shall accrue intact to the general government thereof and be paid into the insular treasury, and shall only be allotted and paid out therefrom in accordance with future acts of the Philippine Legislature, subject, however, to section seven of the act of Congress approved July first, nineteen hundred and two, entitled "An act temporarily to provide for the administration of the affairs of civil government in the Philippine Islands, and for other purposes:" *And provided further*, That, until action by the Philippine Legislature, approved by Congress, internal revenues paid into the insular treasury, as hereinbefore provided, shall be allotted and paid out by the Philippine Commission.

Section 12 of the Philippine tariff act is as follows:

SEC. 12. That all articles, except rice, the growth, product, or manufacture of the United States and its possessions to which the customs tariff in force in the United States is applied and upon which no drawback of customs duties has been allowed therein, going into the Philippine Islands shall hereafter be admitted therein free of customs duty when the same are shipped directly from the country of origin to the country of destination: *Provided*, That direct shipment shall include shipment in bond through foreign territory contiguous to the United States. Said articles shall be as originally packed without having been opened or in any manner changed in condition: *Provided, however*, That if such articles shall become unpacked while en route by accident, wreck, or other casualty, or so damaged as to necessitate their repacking, the same shall be admitted free of duty upon satisfactory proof that the unpacking occurred through accident, or necessity, and that the merchandise involved is the identical merchandise originally shipped from the United States, or its possessions as hereinbefore provided, and that its condition has not been changed except for such damage as may have been sustained.

In accordance with these acts and the regulations issued thereunder goods (except rice) which are the growth, product, or manufacture of the United States are admitted into the Philippine Islands free of duty provided the shipment conforms to the following conditions:

1. That no drawback of customs duty has been allowed.

2. That they are shipped direct. Direct shipment will include shipment in bond through Canada or Mexico, but the goods must make the entire ocean trip in one bottom. The vessel may call at foreign ports en route and the shipment still be regarded as direct; but if the goods are transshipped en route, the shipment will not be regarded as direct and will be dutiable upon entry into the Philippine Islands.

3. That a certificate of origin of each shipment, properly executed in accordance with Treasury Department regulations, be presented to the collector of customs at the port of entry.

Similarly, with the exception of rice, all goods, the growth, product, or manufacture of the Philippine Islands may be shipped to the United States free of duty under identical conditions with the added ones that—

1. In any one year the number of cigars is limited to 150,000,000, the wrapper tobacco and filler tobacco, when mixed with more than 15 per cent of wrapper tobacco, to 300,000 pounds, the filler tobacco to 1,000,000 pounds, and sugar to 300,000 gross tons.

2. Not more than 20 per cent of the value of manufactured articles shall consist of foreign materials.

Shipments either way which do not in all respects fulfill the foregoing conditions are subject to the duty imposed on shipments of like articles from foreign countries.

This legislation was the result of a continuous effort of the department and bureau extending through several years. The Philippine Islands, owing to conditions which have been recited in previous reports of the bureau, were perhaps more in need of special consideration in the matter of tariff legislation than any part of our territory.

The delay in obtaining relief has at times been discouraging, but now that Congress has acted the delay has been in part, at least, justified by the result. It is believed that the subject has received the special consideration needed, and that no part of our territory is more

avored than are the Philippine Islands under present trade arrangements.

While there is a limit to the amount of sugar and tobacco, the product of the islands, which may be admitted free of duty into the United States, the limit is well beyond the present capacity of the islands, and admits of a healthy growth of these industries while still retaining the great advantage of free entry to the United States market for the entire product suitable to the trade.

On the other hand, by the privilege of free ships in the trade between the United States and the islands, and particularly by the continuance of a special tariff adapted to their capacity and needs, the islands are peculiarly favored.

It is believed that the people of the Philippine Islands have every reason to be content with the new tariffs, and that there will result from them that prosperity in the islands which should be the result of their relation to the United States.

The history of the effort to obtain these results is contained in the several preceding annual reports of this bureau.

This legislation has been in effect too short a time to enable us to base on actual results conclusions as to its benefits. However, results to date are strongly confirmatory of the views advanced in previous reports of the bureau urging this legislation, that it would be of distinct advantage to us regardless of its advantages to the Filipino people to whom it would be of immediate and great benefit.

In the Philippines the net result so far has been to increase the price paid to the grower for his leaf tobacco from 10 per cent for the poorer grades to 45 per cent for the best grade grown in Isabela and Cagayan provinces. The price received by the producer of sugar for his product has similarly increased by 25 per cent. These are increases which may be attributed wholly to the new trade relations, fluctuations in the world's market having been eliminated.

On the other hand, in the last month of which there is available record, September, 1909, the exports to the Philippine Islands of American goods was more than double that of the same month of the previous year, which was an average month. This increase was general, including practically every class of goods imported from the United States.

Up to date the importation into the United States of Philippine cigars has been at the rate of about 75,000,000 per year, or one-half the limit for free admission.

The effect on the American industry of this importation may well be judged by the fact that these cigars may be found only with the greatest difficulty.

PHILIPPINE TARIFF.

Second only in importance to the establishment of new trade relations between the United States and the islands was the enactment by Congress on August 5, 1909, approved the same date, of a revision of the Philippine tariff act of March 3, 1905.

In his special message to Congress of April 14 last, transmitting the proposed Philippine tariff law, the President said:

This measure revises the present Philippine tariff, simplifies it, and makes it conform as nearly as possible to the regulations of the customs laws of the United States, especially with respect to packing and packages. The present

Philippine regulations have been cumbersome and difficult for American merchants and exporters to comply with. Its purpose is to meet the new conditions that will arise under the section of the pending United States tariff bill which provides, with certain limitations, for free trade between the United States and the islands. It is drawn with a view to preserving to the islands as much customs revenue as possible, and to protect in a reasonable measure those industries which now exist in the islands.

* * * * *

I respectfully recommend that this bill be enacted at the present session of Congress as one incidental to and required by the passage of the Payne bill.

The draft thus transmitted had been prepared by a board of customs officers in the Philippine Islands. These officers had intimate knowledge of the law of 1905, its defects and the difficulties in its operation, and devoted practically one year to the preparation of this draft. Holding its sessions in the islands a hearing was given to all those interested in the subject.

The result of its labor was given publicity in the United States by this bureau, and such objections as were made were given consideration, and the proposed bill modified where deemed advisable.

After its receipt by Congress there were further hearings, and a number of resulting modifications. There is every reason to believe that the bill as enacted will accomplish every purpose outlined in the President's message recommending its passage.

INTERNAL-REVENUE TAXES.

The urgent deficiency appropriation act approved February 9, 1909, contained the following provision:

That the internal-revenue taxes imposed by the Philippine government and collected under sections 109 and 139 of Act Numbered 1189 of the Philippine Commission, and under Acts Numbered 1461 and 1761 of the Philippine Commission are hereby legalized and ratified, and the collection of all such taxes heretofore or hereafter is hereby legalized and ratified and confirmed as fully to all intents and purposes as if the same had by prior act of Congress been specifically authorized and directed.

This legislation was enacted at the instance of the governor-general to remove any doubt of the legality of certain internal-revenue collections on imported goods made pursuant to legislation of the Philippine Commission.

DISTRIBUTION OF PUBLIC DOCUMENTS.

On the last day of its session, on the recommendation of the Bureau, the Sixtieth Congress passed an act providing that there be furnished the governor-general of the Philippine Islands 10 copies of the daily Congressional Record and three copies of all bills, resolutions, documents, and reports, as printed.

SESSIONS OF THE PHILIPPINE LEGISLATURE.

On January 16, 1908, the Philippine Legislature, by a joint resolution, recommended that the act of Congress of July 1, 1902, be amended so as to permit the Philippine Legislature to fix the date of the commencement of its annual sessions. The proposed amendment had the cordial approval of the War Department and of both of the Resident Commissioners to the United States. The act of July 1,

1902, provided that the Legislature shall hold annual sessions, commencing on the first Monday in February and continuing not exceeding ninety days thereafter, not including Sundays and holidays. The sessions of the Legislature were thus made to coincide with what is in the Philippines the hottest season of the year.

An act making this recommendation effective was passed by Congress and approved on February 27, 1909, in accordance with which the Philippine Legislature, by act of May 20, 1909, fixed October 16 as the date, beginning with the year 1910.

LEGISLATION NOT FINALLY ACTED UPON.

SPECIAL TERMS OF THE SUPREME COURT.

A joint resolution was introduced at the last session of Congress to authorize the supreme court of the Philippine Islands to hold a special term or terms in each year at Baguio, the "summer capital," or at any other suitable place in the islands, and to make such orders with reference to the transfer of records and issuing of process as shall be necessary to make the orders, decrees, and judgments entered by the court in such special term or terms effective. The resolution is still pending, no action having been possible.

It is recommended that Congress be requested to enact this resolution.

RAILROADS.

LUZON.

In inviting proposals for the construction of railways in the Philippines in 1905, the Philippine government included in the proposed lines a line to Baguio, in the mountains of Benguet. It was the intention to develop this site into a summer capital of the islands, a recuperating station, a sanitarium for the civil government and Army, as well as one of the principal army posts of the islands.

Those who were interested in the railway construction were unwilling to undertake such expensive mountain construction in a wholly undeveloped region even under the most favorable terms, which the Philippine government could, within the terms of the congressional authority, offer.

Thus, to the disappointment of the department and the Philippine government, no proposal for the construction to Baguio was submitted.

The Manila Railroad Company, however, was given and accepted a concession to build a branch line to within about 22 miles of Baguio.

Meantime, notwithstanding its relative inaccessibility, there was a continuous slow development of Baguio coincident with a rapid growth of the belief in its advantages and in the necessity of its permanent development.

There was likewise a feeling that in order to obtain the full advantage of the line to be constructed in Ambos Camarines and Albay, in the south of Luzon, it would be necessary to connect it with the lines extending south of Manila. This would require the construction of approximately 135 miles of road in a poorly developed territory.

On the other hand the Manila Railroad Company felt the necessity of obtaining government guaranty of its securities under the act of Congress under which it was constructing in part the lines in interest.

After full and careful consideration and negotiations between the War Department, the Philippine government, and representatives of the railway a tentative agreement was reached.

This agreement was signed by the authorized representative of the Manila Railroad Company and the Secretary of War, representing the Philippine government, on December 31, 1908. By it the company agreed to construct a new port connection at Manila (3 miles), the Baguio extension from Camp One (22 miles), and a connecting line from Lucena to Nueva Cáceres (about 135 miles), in order to connect the line from Manila to Lucena with the line in the southern provinces of Ambos Camarines and Albay. In consideration of this undertaking the Philippine government was to guarantee interest at 4 per cent per annum on first-lien bonds to be issued by the company secured by mortgage, such guaranty to be on the lines south of Manila only, known as the southern or guaranteed system, and also the line from Camp One to Baguio. This guaranty was to be under conditions similar to those granted the Philippine Railway Company in the islands of Panay, Cebu, and Negros, with the restriction that the annual contingent liability of the Philippine government under said guaranty was not to exceed the amount available therefor over and above the annual contingent liability of that government under its guaranty contained in the concessionary contract or grant to the Philippine Railway Company, unless the Philippine government should be authorized by Congress to increase the amount of its annual contingent liability beyond the limit authorized by section 4 of the act of Congress approved February 6, 1905, which places the limit at \$1,200,000.

The Philippine Legislature, on May 19, 1909, ratifying this agreement, passed act No. 1905, granting authority for amending the concession in these particulars, and an amended concessionary contract has been duly executed and signed on the part of the Philippine government, and accepted by the grantee, ratifying the change in the original concession or grant.

When completed this additional mileage and connecting branch will mean a total of about 815 miles, and give the island of Luzon a trunk line extending from San Fernando (Union Province) in the north to Albay in the south, together with the important port facilities at Manila and the very necessary extension to Baguio.

PHILIPPINE RAILWAY COMPANY.

Work is progressing very satisfactorily in the southern islands, and the material and rolling stock are said to be of a quality and type to meet the demand of traffic at present.

The locomotives are American in make and of three types—50-ton for heavy construction work and ballasting and 30-ton and 35-ton for mixed-train service. Some small German locomotives are used for switch engines.

The track is narrow gauge, and with the exception of 20 miles in Cebu and 20 miles in Panay 70-pound steel rails have been used. Hard wood of the highest grade was used for ties, and 6 inches of

ballast were put under the tie as a standard, but owing to settling in the mud many instances are noted where 12 inches of ballast were tamped. The telegraph lines are strung with No. 10 copper wire, with telephones for dispatching, and the stations are equipped with train-order signals. The road is operated, where complete, with the dispatcher's block system. The passenger coaches have a steel under-frame and are equipped with complete air brakes and signals. The first-class and parlor coaches are finished in teak and the second class in sheathed yellow pine. The freight equipment comprises 10 and 20 ton steel-frame cars convertible from flat to box; also 40-ton wooden construction flats and 30-ton wooden ballast cars. All these cars are equipped with conductor's air, automatic couplers, and air brakes.

The maximum grade on these lines is 1 per cent and the maximum curvature 6 per cent. The width of embankment is 14 feet at shoulder line, with sufficient expansion, both vertical and horizontal, allowed so that after two rainy seasons the embankment will conform to the 14-foot standard. The bridges are constructed of steel and reinforced concrete, with reenforced cement piles.

Storehouses, machine shops, woodworking shops, power houses, coach sheds, freight and office buildings, roundhouses, lumber sheds, and turntables have been practically completed, all being built of reenforced concrete.

The Philippine government is very active in encouraging agriculture in the districts traversed by the railway lines, especially in the culture of tobacco and maguey, which work is already giving good results, and the farmers are greatly interested, for the reason that the returns from maguey are greater than realized from any crop heretofore, while the inducement to produce the best quality is found in the better market price obtained. A large force of men are engaged in distributing these plants to the native farmers. The past year the Philippine bureau of agriculture, with the assistance of the railway officials, distributed 350,000 maguey plants, and this year over 2,000,000 plants will be distributed. The farmers have been instructed in the best methods of planting, cultivating, and harvesting the product, so as to obtain the best results. A maguey-stripping machine, loaned by the government, was installed on a flat car and operated free of charge at points reached by the railway.

Cebu.—In the island of Cebu practically all of the railway has been completed, except that across the island from Carcar to Barili and south to Mualbual, which is now under investigation and survey, and 60 miles are in operation. The line now connects the northern and southern terminal points of Danao and Argao. There are 22 stations on this line, 20 of which are constructed of reenforced concrete. Four mixed trains are run daily each way, giving an excellent passenger and fast-freight service.

During the year the freight business practically amounted to nothing, and the passenger traffic was ridiculously small, owing to the high rates then prevailing, which it was feared would not only affect the present income of the company, but so discourage the small producer who has recently located along the line, that he might abandon his small holdings, thereby destroying an important source of future income. These rates have now been very materially reduced, and the effect in increased interest of the people and marked increase in business is quite noticeable.

The Carcar-Barili branch line will be an expensive one, but it has been creditably stated that no part of the islands produces greater excess over and above that needed for subsistence of the population than the country which this line would tap.

Panay.—Work is progressing favorably on the Panay line from both ends. Previous to the rainy season construction work was pushed in the lowlands, and during the rainy season operations were practically confined to the cuts and higher lands. Over 50 miles are constructed and in operation. When completed the line will connect Iloilo and Capiz and be about 75 miles in length, with branches to Batan and Calivo. Ten stations of reenforced concrete have been constructed on this line. Mixed trains give a daily service, which is said to be quite satisfactory for present demands. It is contemplated to build an electric line from Iloilo to the near-by small towns and barrios, to serve as a feeder for the railway line.

Panay offers a wonderful opportunity for a railroad. While the contour of the country is so irregular as to make railroad building undoubtedly very difficult, yet the line runs through a wonderfully rich country which only needs a proper outlet to increase production many times.

The passenger and freight rates have also been reduced in Panay, and the increase in both kinds of traffic was noticeable from the first day of the reduction.

Negros.—There has been no construction in this island as yet.

MINDANAO.

At its meeting of August 28, 1908, the legislative council of the Moro province passed the following:

It being understood that the War Department is again considering the question of the construction of a railroad from Camp Overton to Camp Keithley, the legislative council of the Moro Province earnestly requests the Philippine Commission to represent to the honorable the Secretary of War the great advantage that will result from such railroad construction in bringing to a state of permanent peace and order a most important part of the Moro Province.

The construction of this railroad would open and develop a large area of fertile country and go far toward settling the harassing Moro question in the Lake Lanao basin, and indirectly throughout the entire island of Mindanao. It will be of the greatest value to the civil government both administratively and economically. It will decrease the cost of administration and supply, render possible a reduction in the constabulary force necessary in the Lake basin, and be a powerful factor in extending and strengthening the influence of the civil government.

It is earnestly recommended that action be taken to construct this line without delay.

PHILIPPINE CURRENCY.

PAPER CURRENCY.

During the fiscal year there were prepared at the Bureau of Engraving and Printing of the Treasury and sent to Manila ₱4,000,000 in 20-peso notes. To June 30, 1909, paper currency had

been sent to the Philippines in amounts and denominations as follows:

2-pesos	P9, 000, 000
5-pesos	6, 000, 000
10-pesos	16, 000, 000
20-pesos	10, 000, 000
50-pesos	4, 000, 000
100-pesos	4, 000, 000
500-pesos	6, 000, 000
	<hr/> 55, 000, 000

SILVER COINAGE.

Under the act of Congress approved June 23, 1906, 3,621,500 pesos in Philippine silver coin were shipped to the San Francisco mint during the fiscal year for recoinage in accord with the new standard of weight and fineness, making the total silver shipments to June 30, 1909, 27,526,500 pesos. From recoinage there were delivered by the San Francisco mint during the fiscal year (including shipment on transport sailed July 5, 1909) 15,411,977.70 pesos of silver and 39,157.37 pesos of copper coin. Total deliveries of new coin to June 30, 1909, were:

Pesos	P36, 199, 955. 00
50-centavos	2, 700, 538. 50
20-centavos	1, 189, 515. 40
10-centavos	978, 968. 80
1-centavo	39, 157. 37
	<hr/> 41, 108, 135. 07

DEPOSITARIES.

Since my last report the following institutions have been designated as depositaries of the Philippine government: National City Bank, New York City; Standard Trust Company, New York City; Central Trust Company of Illinois, Chicago; Seattle National Bank, Seattle, Wash.; National Bank of Commerce of Boston, Boston.

The deposits of the treasurer of the Philippine Islands with depositaries in the United States on June 30, 1909, amounted to \$10,376,313.40 as against \$8,034,602.94 on June 30, 1908.

BONDED INDEBTEDNESS.

An issue of \$1,000,000 city of Manila sewer and waterworks construction bonds was sold on May 21, 1909, and \$1,500,000 public improvements bonds were sold August 17, 1909.

Total bonded indebtedness of the Philippine government, October 31, 1909.

	Amount.	Redeem- able.	Due.
Land-purchase bonds, 4 per cent.	\$7, 000, 000	1914	1934
Public works and improvements bonds, 4 per cent	2, 500, 000	1915	1935
Do.	1, 000, 000	1916	1936
Do.	1, 500, 000	1919	1939
City of Manila sewer and waterworks bonds, 4 per cent.	1, 000, 000	1915	1935
Do.	2, 000, 000	1917	1937
Do.	1, 000, 000	1918	1938
Total	16, 000, 000		

PURCHASE OF SUPPLIES.

During the fiscal year the bureau received from the Philippine government 1,044 requisitions by mail and 115 by cable, an increase over the previous year of 124 and 5, respectively. There was disbursed by the bureau for supplies for the Philippine government and for expense of shipment, etc., \$890,549.53, as against \$606,595.89 for the preceding year. These supplies were purchased through the agency of the bureau, maintained in New York City, in the manner which has been detailed in previous reports. The bureau also purchases through the New York agency such supplies as are needed by the general receiver of Dominican customs.

DISBURSEMENTS.

Disbursements of Philippine revenues by the disbursing agent at Washington for the fiscal year were \$1,972,050.42, in settlement of 4,676 accounts, and the total disbursements from May 20, 1901, the inauguration of the disbursing office, to June 30, 1909, amounted to \$35,094,857.22, in settlement of 24,786 accounts.

COMMERCIAL STATISTICS.

Monthly reports of the commerce of the islands during the past year show the value of both imports and exports somewhat below the average of recent years. The uncertainty of pending tariff legislation toward the close of the year affected the export total to some extent in consequence of the important bearing of that legislation on sugar exports, but in the falling off of import values tariff disturbance of trade appears to have figured to no important degree, and the general condition as indicated by the year's figures is explained rather by commercial depression.

IMPORTS.

The imports, exclusive of gold and silver and government supplies, for the fiscal years 1899-1909 were as follows:

Fiscal year.	From—		Total.
	United States.	Other countries.	
1899 ^a	\$1,150,613	\$11,962,397	\$13,113,010
1900	1,657,701	18,943,785	20,601,486
1901	2,855,685	27,423,721	30,279,406
1902	4,035,243	28,106,599	32,141,842
1903	3,944,098	29,027,784	32,971,882
1904	4,633,216	28,587,545	33,220,761
1905	5,761,498	25,114,852	30,876,350
1906	4,333,893	21,465,373	25,799,266
1907 ^b	5,155,359	23,630,496	28,785,855
1908 ^b	5,079,487	25,838,870	30,918,357
1909 ^b	4,691,770	23,100,627	27,792,397

^a August 20, 1898, to June 30, 1899.

^b Figures exclude free-entry railway supplies.

Of the reduced import value for the year ended June 30, 1909, more than half is to be found in the item of rice, and this, taken as a measure of increased local production and increased capacity on the part of the islands to supply their staple foodstuff, must be considered a favorable feature of the year's figures. Foreign rice—almost

wholly from the French East Indies—was purchased to the value of \$4,250,223, or \$1,611,033 less than in 1908. There was a substantial reduction in quantity, but reduced prices were also an important factor. Wheat flour has continued to find increasing favor as a food-stuff, and 291,680 barrels were imported, as compared with 256,055 barrels in 1908, with an increased value of \$127,752. Flour is practically all supplied by the United States and Australasia, and the American product made up considerably more than half of the year's purchases.

In the cotton trade of the islands for the year, amounting to \$6,944,978, there was a reduction of \$1,066,856 as compared with 1908. All the leading classes of these imports figured with reduced totals, and all the leading countries in this trade shared in the general decline except Japan, which, with steadily increasing sales in previous years, passed all competitors in 1909 and took second rank in this preeminently British trade. These imports from the United Kingdom amounted to \$3,499,452, as compared with \$4,161,487 in 1908; purchases from Japan increased from \$515,615 to \$662,019, while those from the United States declined from \$685,919 to \$590,635.

The iron and steel trade was smaller by \$231,232, but imports from the United States slightly increased, amounting to \$818,991 of the total of \$1,933,475, and took a conspicuously foremost place in the smaller market, while the United Kingdom and Germany, the only other competitors of any importance, bore the chief part of the year's decline. In other branches of the islands' trade, however, more exclusively American, the United States did not fare so well. Imports of illuminating oil declined from \$806,112 to \$614,334, with heavy reductions in consignments from the United States, while Sumatra oil found an increased sale, and, with a value of \$227,642, presented the most serious competition to the great American export since the disappearance of Russian oil from the Philippine market. The American shoe has steadily gained favor, so that the large reduction of \$177,294 in the import value of shoes fell heavily on the United States.

Imports of coal declined in value from \$567,220 to \$461,465, though prices in the Australian market, from which the supply chiefly comes, averaged substantially the same. Recent active exploitation of Philippine coal mines presents a factor of growing importance in connection with declines in this trade. Cement, supplied chiefly by Hongkong, was imported to the value of \$247,425, or \$83,718 less than in the previous year. Opium imports, which under restrictive measures had declined from three-quarters of a million annually to \$143,670 in 1908, practically disappeared from the islands' trade in 1909. Alcoholic liquors, on the other hand, increased \$67,604 in value and amounted to \$593,633.

A notable exception to the general reduction in the year's trade was in the group of meat and dairy products. In all of the leading items of this group increased import values were reported. Fresh beef reached the unprecedented figure of \$852,461, or \$372,904 more than in 1908. This increase was, however, offset in large measure by a \$300,000 decline in cattle imports coincident with active quarantine and restrictive measures against the importation of diseased and infected animals. The Chinese cattle trade suffered heavily, while Australasia profited by the increased demand for refrigerated meat and supplied practically all of the fresh beef as well as the

substantially increased imports of fresh pork and mutton. There was also a marked growth in the butter trade, chiefly supplied by Australasia and Denmark as heretofore, while the steadily increasing demand for condensed milk continued and reached a value of \$406,607, of which the United Kingdom contributed \$235,558 and the United States \$97,555.

The share of the United States in the import trade of the islands amounted to \$4,691,770, and was \$387,717 less than in 1908. Nearly half of the year's total was made up of leather and iron and steel, and of the two great American export staples, wheat flour and illuminating oil, while the balance was of a widely diversified character. American goods constituted 17 per cent of the total value of Philippine imports, and there was a relatively insignificant increase over the proportion of the previous year. Under the free trade conditions inaugurated by the new tariff there will be a considerable increase in American shipments, and the extent to which the Philippine market will be supplied by the United States will depend almost wholly upon the extent to which the American manufacturer will press his opportunity and adapt his products to the local tastes and requirements.

EXPORTS.

The exports, exclusive of gold and silver, for the fiscal years 1899-1909 were as follows:

Fiscal year.	To—		Total.
	United States.	Other countries.	
1899 ^a	\$3,540,894	\$8,826,018	\$12,366,912
1900	3,522,160	16,228,908	19,751,068
1901	2,572,021	20,642,927	23,214,948
1902	7,691,743	16,235,936	23,927,679
1903	13,863,059	19,256,840	33,119,899
1904	11,102,775	19,147,852	30,250,627
1905	15,668,026	16,684,589	32,352,615
1906	11,579,411	20,337,723	31,917,134
1907	12,079,204	21,634,153	33,713,357
1908	10,323,233	22,493,334	32,816,567
1909	10,215,331	20,778,232	30,993,563

^a August 20, 1898, to June 30, 1899.

The total value of exports for the year was less than for any fiscal period since 1904, and in the net reduction of \$1,823,004, as compared with the figures of 1908, both the great hemp and sugar industries figured largely, exports of copra substantially increased, and tobacco made slight gains, while in the miscellaneous group of minor products there was a very general decline in values.

The worst feature in the export trade was the low price of manila hemp. The market conditions of this great staple—exclusively the product of the Philippines—were characterized by heavy shipments and steadily declining prices throughout the year. Export production reached the highest figure since American occupation, while prices averaged the lowest since 1899. The year opened with the abnormally low average export price of \$120 per ton, and with a generally downward tendency closed at approximately \$100. The total exports for the year were 147,621 tons, or 33,618 tons more than for the previous year, and yet this greatly increased quantity was

marketed at a value \$1,478,181 less than that received for the exports of 1908.

Hemp made up a reduced proportion of the total export trade, but still constituted slightly more than half. The United States and the United Kingdom were the principal purchasers as heretofore; 77,958 tons were shipped to the United States and 54,533 tons found a British market. The fact of larger shipments to the United States, taken in conjunction with reduced American purchases of sisal, gives statistical confirmation to the trade statements that manila hemp on the basis of lower prices is finding favor with the American manufacturer to the displacement of the inferior Mexican fiber.

Exports of sugar in 1909 amounted to 110,604 tons, a reduction of 38,718 tons and of \$1,291,328 in value as compared with those of 1908. These figures are not, however, as significant of a definite loss as the reduced value of hemp. The smaller quantity of sugar marketed during the year was at a somewhat higher average price than that of 1908, while fiscal year returns are not a very trustworthy index to production in the sugar industry and are subject to wide fluctuations. The crop or campaign year in the Philippines is much more nearly coincident with the calendar year, while the fiscal period, ending in the midst of the active export of the crop, is subject to much irregularity in consequence of early or late harvesting. In 1909 this condition was further emphasized by the tariff legislation pending at the close of the fiscal period, and the tendency to accumulate and hold back stocks awaiting congressional action. Estimates for 1909 have pointed to a normal crop, while exports from January to June were only 71,714 tons as compared with 103,558 tons during the same period of the previous year. Of the total sugar exports for the fiscal year, the China-Hongkong market took 86,435 tons, or slightly more than in 1908. Exports to the United States were 20,948 tons, with delayed shipments awaiting free-trade legislation yet to be accounted for.

Copra in 1909 further confirmed its increasing importance as an export of the Philippines and ranked second only to hemp, with a value of \$6,657,740. The average price was slightly less than in 1908, but the quantity increased from 75,211 tons to 103,896 tons, with an increased value of \$1,196,060. The greater part of it found a French market as in the past. Spain continued the leading purchaser of secondary importance, but Belgium assumed a new prominence in the trade and was credited with \$634,288 worth. Exports to the United States were relatively unimportant, and though of the increased production American purchases amounted to \$287,484 as compared with \$228,565 in 1908, the growing market of the United States is still chiefly supplied from other sources.

Exports of tobacco in its various forms amounted to \$2,792,253. The value of the cigar trade was \$1,083,702, or almost the same as in 1908, but leaf exports in consequence of a slight increase both in quantity and average price produced \$80,646 more and amounted to \$1,662,269. Half of the cigar exports found a near-by oriental market in China and in the two great eastern distributing centers, Hongkong and Singapore, while Australasia and the United Kingdom were the other leading purchasers. Leaf tobacco was taken by Spain to the value of \$1,065,533, and most of the remainder found a market in Austria-Hungary, the Netherlands, and France. No leaf tobacco was shipped to the United States, but cigars figured to the value of

\$43,818. The bulk of these left the islands in the months of May and June and were obviously shipments made in contemplation of free entry under the then pending tariff legislation.

Among minor exports there was a substantial increase in the quantity of maguey, but the condition of the cordage fiber market that figured so disastrously in the case of hemp was reflected also in the price of maguey and there was only a nominal increase in the value of the year's trade. In the value of cocoanut oil exported, there was a reduction of \$105,153. This trade was coincident with the establishment of a factory at Manila and reached a value of over a quarter of a million dollars in 1908. With the destruction of the plant by fire during the past year these exports ceased. The making of hats is a local industry of some export importance, and this trade of \$168,522 was about the same as in 1908, but other exports of minor importance declined very generally in value.

Of the year's exports the United States took only a slightly smaller value than in 1908, and was credited with \$10,215,331, or a third of the total. The large American demand for hemp has made the United States a good customer of the islands in the past, while limited free entry of Philippine sugar and tobacco under the new tariff provides a much improved market for these staples and free admission of other commodities furnishes a new stimulus to their production. A new era of activity and an increased volume of trade is, therefore, to be expected with the establishment of practically free trade between the islands and the United States.

RECEIPTS AND EXPENDITURES.

The following statement of revenues and expenditures of the Philippine government, exclusive of all items of a refundable character, covers the period from the date of American occupation, August 18, 1898, to June 30, 1909:

REVENUES.

Fiscal year ended June 30—	Insular.	Provincial.	City of Manila.	Total.
1899	\$3,558,682.83	.....	.....	\$3,558,682.83
1900	6,899,340.53	.....	.....	6,899,340.53
1901	10,753,459.95	.....	.....	10,753,459.95
1902	9,371,283.11	\$2,008,480.88	\$1,199,593.21	12,579,357.20
1903	10,757,455.63	2,527,252.93	1,541,575.85	14,826,284.41
1904	10,249,263.98	3,295,839.47	1,931,129.97	15,476,233.42
1905	11,549,495.37	3,107,912.91	1,441,165.82	16,098,574.10
1906	11,468,067.16	4,509,572.02	1,995,299.85	17,972,929.03
1907	11,149,619.25	4,604,528.31	1,691,341.93	17,445,489.49
1908	10,899,261.44	4,573,072.32	2,226,226.15	17,698,559.91
1909	11,369,733.56	5,845,343.20	2,148,872.75	19,363,949.51
Total.....	108,025,662.81	30,472,002.04	14,175,195.53	152,672,860.38

EXPENDITURES.

Fiscal year ended June 30—	Insular.	Provincial.	City of Manila.	Total.
1899	\$2,376,327.12	.....	.....	\$2,376,327.12
1900	4,758,793.66	.....	.....	4,758,793.66
1901	6,451,528.37	.....	.....	6,451,528.37
1902	8,189,404.59	\$1,633,158.22	\$622,294.81	10,444,857.62
1903	10,249,533.40	1,981,261.22	1,177,611.67	13,408,406.29
1904	11,122,562.38	2,339,826.10	1,578,303.50	15,040,691.98
1905	12,248,857.33	1,474,320.43	2,574,102.78	16,297,280.54
1906	10,146,779.12	4,335,091.32	2,492,392.23	16,974,262.67
1907	8,408,012.84	4,736,038.20	1,560,801.40	14,704,852.44
1908	11,469,785.64	4,367,407.82	1,897,858.36	17,735,051.82
1909	11,733,600.86	5,555,518.03	2,069,393.59	19,358,512.48
Total.....	97,155,185.31	26,422,621.34	13,972,758.34	137,550,564.99

Receipts and expenditures for the fiscal year ended June 30, 1909.

AVAILABLE FOR ADMINISTRATIVE PURPOSES.

Amount of funds in the Philippine treasury on June 30, 1909,
available for purely administrative purposes, exclusive of
funds derived from refundable collections and bond issues----- \$5,099,498.22

INSULAR.

Insular net revenues for the fiscal year ended June 30, 1909,
excluding all items of a refundable character----- 11,369,733.56
Net ordinary insular expenditures, including interest on bond
issues and contributions made to the city of Manila, cancella-
tion of loans to provinces, and contributions for provincial
administrative purposes----- 11,733,600.86
Excess of insular expenditures over revenues----- 363,867.30

CITY OF MANILA.

Revenues collected by the city, inclusive of the amount con-
tributed by the insular government under provisions of the
charter of the city----- 2,148,872.75
Ordinary expenditures of the city, including interest and sinking
fund charges on sewer and waterworks construction bonds---- 2,069,393.59
Excess of receipts over expenditures----- 79,479.16

OTHER DISBURSEMENTS.

Disbursements were also made, under funds which may be desig-
nated bond issues, as follows:

Public works and permanent improvement fund----- \$412,260.81
Manila sewer and waterworks construction fund----- 727,629.68

FILIPINO STUDENTS IN THE UNITED STATES.

During the past year Filipino students have been in attendance at
the following institutions:

New Haven, Conn:		Urbana, Ill.:	
Yale University-----	4	University of Illinois-----	6
District of Columbia:		Academy of the University of	
George Washington Univer-		Illinois-----	2
sity-----	1	La Fayette, Ind.:	
Chicago, Ill.:		Purdue University-----	3
Chicago University-----	4	Ames, Iowa:	
University High School-----	2	Iowa State College of Agri-	
College of Physicians and Sur-		culture and Mechanic Arts--	1
geons-----	7	Iowa City, Iowa:	
Armour Institute-----	2	Iowa State University-----	4
Northwestern University—		Manhattan, Kans.:	
Medical School-----	2	Kansas State Agricultural	
School of Pharmacy-----	2	College-----	4
De Kalb, Ill.:		Lowell, Mass.:	
Northern Illinois State Nor-		Lowell Textile School-----	1
mal School-----	1	St. Paul, Minn.:	
Dixon, Ill.:		College of St. Catherine-----	2
Dixon Business College-----	2	Lincoln, Nebr.:	
Normal, Ill.:		University of Nebraska-----	6
Illinois State Normal Uni-		Albany, N. Y.:	
versity-----	1	Albany Training School and	
Peoria, Ill.:		Academy-----	1
Bradley Polytechnic Institute--	1		

Ithaca, N. Y.:		Burlington, Vt.:	
Cornell University-----	5	University of Vermont, Med-	
New York, N. Y.:		ical School-----	1
Columbia University-----	4	Madison, Wis.:	
Columbus, Ohio:		University of Wisconsin-----	4
Ohio State University-----	4		
Philadelphia, Pa.:		Total-----	81
Drexel Institute-----	1	Deducting twice counting--	4
Woman's Medical College----	2		
Villanova, Pa.:			
College of St. Thomas-----	1		77

In addition to these 77 students there was one student completing his course in Cornell University at his own expense, one allowed to remain in Colorado because of ill health, and one employed as a clerk in this bureau, making a total of 80.

The courses pursued by these were:

Agriculture-----	7	Medicine-----	12
Architecture-----	2	Pharmacy-----	2
Commerce-----	3	Preparatory to civil engineering--	1
Chemistry-----	2	Preparatory to electrical engineer-	
Civil engineering-----	17	ing-----	1
Electrical engineering-----	1	Preparatory to medicine-----	1
Elementary course-----	1	Preparatory to paper making----	1
Forestry-----	1	General science-----	3
Law-----	4	Teaching-----	11
Mechanical engineering-----	9	Textile weaving-----	1

Since the date of the last report (Oct. 31, 1908) 31 students have been returned to the islands—November, 1908, 1; February, 1909, 1; April, 1; June, 17; and July, 11. Of these 1 was returned on account of misconduct; 2 returned because of the death of parents, and the others because of completion of courses or expiration of appointments. Of the 28, 3 received the degree of master of laws; 4 graduated in civil engineering; 1 in mechanical engineering; 6—two of whom were women—in the teaching course; 4 in agriculture; 2 received the degree of bachelor of science; and 2 completed the course in a business college after attending a law school for three years. One student (woman) graduated in medicine and has been allowed an additional period for hospital work, and 2 who graduated as pharmaceutical chemist and licentiate in pharmacy, respectively, have another year to spend in school before receiving their degrees as doctors of medicine. Two other students have graduated in civil-engineering courses and have been allowed to remain in the United States for a time to obtain experience. These two students receive no allowance. At the present time there are 49 students in this country under supervision of the bureau, 45 of whom receive a pension.

The health of the students has continued to be good and their conduct, with two exceptions, satisfactory.

The scholastic records have averaged high, there being but two cases of general failure. The students who arrived during the past year from the islands show a high standard of preparation and have done excellent work. Should this class of students continue to be received, the less encouraging features which have attended the movement thus far will disappear.

PUBLIC ORDER.

With the minor exception of the trouble with the Moro outlaw Jikiri on Jolo Island, where no constabulary are stationed, that

organization has maintained quiet and order in all parts of the Philippines throughout the year without the active intervention of the Army. Yet the Army is not without title to the credit therefor, nor should it be without pride in the achievement. The organization and efficiency of the constabulary are almost entirely the work of carefully selected officers of the Army, and reflect credit not only on the individuals but on the military service. In this connection it is not inappropriate to invite your attention to the very valuable asset which the War Department has in the varied and broadening experience which has been acquired by the young officers detailed on this important duty. Eight captains of the line are detailed with the Philippine Constabulary, five as chief and assistant chiefs, and three as inspectors-general. Constructive questions of organization, drill, maneuver, and the duties of equipment and supply are handled by these officers. The chief and assistant chiefs have an administrative responsibility and command far greater than that falling in peace to officers of their rank serving with their regiments. With the tendency to segregate regular troops on reservations, and the short tour of Philippine service for regiments, the continuous touch with conditions and people of the islands, so invaluable in case of need, is maintained for the Army almost entirely by these officers. While the constabulary work is called civil, it is on military lines, and equips these officers for a larger usefulness in the Army than service with their regiments as captains would, involving as it does the command of larger bodies of men; the meeting of more varied contingencies; the solution of delicate political problems; and the performance of important executive duties. If through the performance of this important and necessary service their permanent organizations suffer, extra officers to supply their places for the time being should be provided by legislation.

AMERICAN TROOPS IN THE PHILIPPINES.

The duties of regular troops in the Philippines now approximate closely to their duties in the United States. Even the proportion of American soldiers in the islands to the Filipino population is not vastly greater than the proportion of troops on home soil to the American population. So far as public order and tranquillity in the Philippines are concerned it might very properly be made the same, or even lower. I believe that one-half of the number of troops now in the islands would be sufficient guaranty against any possible internal disorder. Discussion of the broader subject of the relation of the troops in the Philippines to the general military policy and to questions of national and insular defense rather than of internal administration does not fall within my province here.

PORTO RICO.

Jurisdiction over the governmental affairs of Porto Rico, which was exercised through this bureau until May, 1900, was, in accordance with the act of July 15, 1909, again vested in the Department of War and responsibility for the administrative conduct in Washing-

ton of the civil government of the island again assigned to the bureau by the following executive order:

The following act of Congress approved July 15, 1909, is published for the information of all concerned:

AN ACT TO amend an act entitled "An act temporarily to provide revenues and a civil government for Porto Rico, and for other purposes," approved April twelfth, nineteen hundred.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the act entitled "An act temporarily to provide revenues and a civil government for Porto Rico, and for other purposes," approved April twelfth, nineteen hundred, is hereby amended by inserting at the end of section thirty-one of said act the following additional proviso:

"*And provided further,* That if at the termination of any fiscal year the appropriations necessary for the support of government for the ensuing fiscal year shall not have been made an amount equal to the sums appropriated in the last appropriation bills for such purpose shall be deemed to be appropriated; and until the legislature shall act in such behalf the treasurer may, with the advice of the governor, make the payments necessary for the purposes aforesaid."

SEC. 2. That all reports required by law to be made by the governor or members of the executive council of Porto Rico to any official in the United States shall hereafter be made to an executive department of the Government of the United States to be designated by the President; and the President is hereby authorized to place all matters pertaining to the government of Porto Rico in the jurisdiction of such department.

Under the provisions of section 2 of this act hereafter all reports required by law to be made by the governor or members of the executive council of Porto Rico to any official in the United States will be made to the War Department, and all matters pertaining to the government of Porto Rico are placed in the jurisdiction of that department.

The business of the department pertaining to civil government in Porto Rico is, pursuant to section 87 of the act of July 1, 1902, assigned to the Bureau of Insular Affairs.

WM. H. TAFT.

THE WHITE HOUSE,
July 15, 1909.

While amendment of the organic act of Porto Rico along this line as well as others had been suggested at various times in reports of the governor and in recommendations of the President to Congress, the immediate cause of the legislation during the extra session of the Congress was the failure of the Porto Rican Legislative Assembly to provide for the support of the government for the year beginning July 1, 1909. This failure grew out of disagreement between the house of delegates and the executive council, which forms the upper house of the Legislative Assembly, in connection with certain measures proposed in the house that the council felt were inimical to the welfare of the island. Agreement not having been reached at the legal expiration of the session a special session of the assembly was called the following day, but without favorable result, and adjournment again took place without definite action on the appropriation bill. The matter was then presented to Congress in a special message by the President and the situation relieved by the Act of July 15, 1909.

Under instructions from the War Department and in accordance with the power conferred upon him by this act, the governor of Porto Rico prepared a budget for the present fiscal year. It is to be noted that the act of Congress does not specifically reappropriate for the same purpose the several amounts named in the appropriation act of the preceding year, but declares that, under the conditions then

existing, "an amount equal to the sums appropriated in the last appropriation bill * * * shall be deemed to be appropriated; and until the legislature shall act in such behalf the treasurer may, with the advice of the governor, make the payments necessary for the purposes aforesaid." The attorney-general of Porto Rico held that this clause appropriated a lump sum for the support of the government equal to the sum of the various appropriations for the preceding year, and that it was not the intention of Congress to restrict to the same specific purposes during the fiscal year 1909-10 the amounts appropriated for these purposes for the fiscal year 1908-9. Disagreement with this opinion and objection to the programme of the governor were expressed by several Porto Rican lawyers who brought the matter to an issue in the United States district court for Porto Rico through an application for an injunction to restrain the governor, the treasurer, and the auditor from acting in accordance with this opinion of the attorney-general. The court sustained the action of the government and dismissed the suit, and the various departments of the Porto Rican government are now being conducted in accordance with the programme prepared by the governor.

PERSONNEL.

Col. George R. Colton, recently collector of customs in the Philippine Islands and with over ten years' experience in the service of the Philippine government, was inaugurated as governor of Porto Rico November 6, 1909, to succeed Governor Régis H. Post, whose resignation after over seven years' connection in different offices with the government of Porto Rico, took effect October 31, 1909. The only other changes of importance in the personnel of the Porto Rican government during the period since jurisdiction over its affairs devolved upon this bureau, have been the appointment of Mr. George Cabot Ward, formerly auditor, as secretary of Porto Rico to succeed Mr. William F. Willoughby, who resigned as secretary August 9, 1909, and the appointment of Mr. A. P. Sawyer, to succeed Mr. Ward as auditor, August 25, 1909.

FINANCES.

While the customs receipts of Porto Rico show a decrease again over those of the preceding year, the finances of Porto Rico still continue in a satisfactory condition, and no anxiety is felt concerning the sufficiency of the revenues for the conduct of the government on an economical basis. The decrease in customs receipts does not mean a falling off in trade, but is, rather, an encouraging sign of the gradual transfer of the foreign trade of the island to the United States. The total receipts from all sources for the year ended June 30, 1909, were \$3,548,960.98, and the total expenditures were \$4,095,184.85. This excess of expenditures over the revenues was a premeditated act of the Porto Rican Legislature in the belief that the surplus had accumulated to a point beyond the probable needs of the island. The treasurer's balance for the year still shows a surplus of over \$1,000,000.

COMMERCE AND INDUSTRIES.

The commerce of the island shows on the whole a continuous and encouraging growth. The exports for the fiscal year amounted in value to \$30,391,225 and the imports to \$26,544,326. The total trade of the island is larger than for any previous year and amounts in value to more than three times the trade for the fiscal year 1900-1901. The imports from the United States amounted in value to \$23,618,545, which almost equaled in amount the export trade of the United States for the same period with the whole Chinese Empire.

The industries of Porto Rico are, of course, mainly agricultural and generally are in a thriving condition. The production of sugar cane, tobacco, and fruits shows encouraging increase, which, in respect to the cane, may be expected to show still more when the irrigation system now under construction in the southeastern section of the island is completed. The production of coffee seems the only exception to the general progress and its gradual decline is the only real cause for apprehension in this field. Consideration is being given now to this industry in the hope of reestablishing it on its former basis of prosperity.

PUBLIC WORKS.

The construction of macadamized roads has continued throughout the island during the past year, and 92 kilometers were added to the roads previously constructed or existing at the time of American occupation, making a total of nearly 1,000 kilometers of excellent roads now reaching into almost every section of the island. While bridge construction has not kept pace with road making, nevertheless, 14 important bridges, mostly of steel and masonry, have been constructed during the year, and this work is progressing as rapidly as available funds will permit. This work and the construction of schoolhouses and the installation of the irrigation system in the Guayama district have mainly occupied the department of the interior during the year. The proposed irrigation system is the most important public work now under way in Porto Rico. The necessary funds for the work were provided by a \$3,000,000 bond issue to be met by a tax to be placed on the lands directly benefited. This work when complete will reclaim in part and immensely benefit the whole of one of the largest and most important cane-producing sections of the island, heretofore suffering from more or less continuous or regular droughts.

REVISION OF THE ORGANIC ACT.

The act under which the present form of government in Porto Rico was established has now been in force since May 1, 1900, with but few amendments, and may be said generally to have well met most of the necessities of the government as the situation has developed. That suggestions looking to a more or less general revision should be received from time to time is not surprising under the circumstances, and that amendment along certain lines is desirable in the near future is not to be doubted. For the most part, however, careful study should be given to this matter before urging definite action

upon Congress, and the matter is referred to at this time simply to indicate that such study is under way and will be covered by recommendations in due form at the proper time.

CITIZENSHIP FOR PORTO RICANS.

In connection with the subject of revision of the organic act, however, it is believed proper at this time to recommend that Congress be again urged to enact the necessary legislation to enable the "citizens of Porto Rico," as thus designated by section 7 of the act of April 12, 1900, to become citizens of the United States. Whether this be done by an act conferring in itself United States citizenship on the whole body of citizens of Porto Rico or by an act enabling them by the performance individually of some simple preliminary acts to become American citizens without delay is a matter of less importance than that in some way citizenship without serious inconvenience to the individual be extended to those who desire it. That citizenship should not be forced upon anyone may be argument against conferring it upon the whole body by a single act and in favor of the second course indicated, but that it should be extended by some positive act of Congress and thus appear to the Porto Ricans as an expression of good will on the part of Congress and the people of the United States admits, it is believed, of no doubt, provided it is the intention that the Porto Ricans shall ever be citizens of the United States. It is contended by some that American citizenship has already been extended to the people of Porto Rico, and that if a proper case could be brought before the courts it would be so decided. It has even been urged that under the act of June 29, 1906, citizens of Porto Rico may become American citizens by compliance with certain other terms of that act and without leaving the island. It is not desired to pass upon this controversy, but it would be regrettable if it were found that inadvertently Congress had conferred citizenship on the people of Porto Rico. It is hoped that the grant of citizenship may be regarded simply as an act of justice and performed in an open and unequivocal manner.

PROVISIONAL GOVERNMENT OF CUBA.

On September 14, 1906, during the disturbed conditions in the island, the President addressed a letter to Mr. Gonzalo de Quesada, minister of Cuba, in which he said, among other things:

Our intervention in Cuban affairs will only come if Cuba herself shows that she has fallen into the insurrectionary habit, that she lacks the self-restraint necessary to secure peaceful self-government, and that her contending factions have plunged the country into anarchy.

* * * * *

Under the treaty with your Government, I, as President of the United States, have a duty in this matter which I can not shirk. The third article of that treaty explicitly confers upon the United States the right to intervene for the maintenance in Cuba of a government adequate for the protection of life, property, and individual liberty. The treaty conferring the right is the supreme law of the land and furnishes me with the right and the means of fulfilling the obligation that I am under to protect American interests. The information at hand shows that the social bonds throughout the island have been so relaxed that life, property, and individual liberty are no longer safe. I have received authentic information of injury to, and destruction of, American property. It

is in my judgment imperative for the sake of Cuba that there shall be an immediate cessation of hostilities and some arrangement which will secure the permanent pacification of the island.

I am sending to Habana the Secretary of War, Mr. Taft, and the Assistant Secretary of State, Mr. Bacon, as the special representatives of this Government, who will render such aid as is possible toward these ends. * * *

The disturbed conditions continuing, with no apparent show of a compromise or cessation of hostilities, Hon. William H. Taft, then Secretary of War, acting under instructions from the President, issued a proclamation on September 29, 1906, proclaiming a provisional government under the United States, with himself as provisional governor. In the following language he gave assurances to the people of Cuba that the government thus established would be temporary only:

The failure of Congress to act on the irrevocable resignation of the President of the Republic of Cuba, or to elect a successor, leaves this country without a government at a time when great disorder prevails, and requires that, pursuant to a request of President Palma, the necessary steps be taken in the name and by the authority of the President of the United States to restore order, protect life and property in the island of Cuba and islands and keys adjacent thereto, and for this purpose, to establish therein a provisional government.

The provisional government hereby established by direction and in the name of the President of the United States will be maintained only long enough to restore order and peace and public confidence, and then to hold such elections as may be necessary to determine those persons upon whom the permanent government of the Republic should be devolved.

On October 6, 1906, Charles E. Magoon was appointed provisional governor, and on assuming his duties, October 13, 1906, he reiterated these assurances in the following language:

The policy declared and the assurances given by my predecessor, Secretary Taft, will be strictly adhered to and carried out.

As provisional governor I shall exercise the powers and perform the duties contemplated and provided for by the third article of the appendix to the constitution of Cuba, for the preservation of Cuban independence, and for the protection of life, property, and individual liberty.

As soon as it shall prove to be consistent with the attainment of these ends I shall seek to bring about the restoration of the ordinary agencies and methods of government under the other and general provisions of the Cuban constitution.

In a letter to the Secretary of War dated January 13, 1908, commenting on the first annual report of the provisional governor of Cuba, the President said:

* * * I direct that the installation of the President and Congress of Cuba, to be elected next December, and the turning over of the island to them, take place not later than February 1, 1909.

If it can be turned over earlier I shall be glad, but under no circumstances and for no reason will the date be later than February 1, 1909.

And in transmitting that report to Congress on the following day the President said:

* * * I am glad to be able to say that we can now definitely announce that one year hence, by or before February 1, 1909, we shall have turned over the island to the President and Congress to be elected next December by the people of Cuba. Our word to turn over the island to its own people will be scrupulously regarded, and through their own President and Congress they will administer the government of the island a year hence.

How scrupulously this promise was regarded and how effectually it was carried out is shown by recent events. A census of the island was taken in order that a full and fair registration list might be com-

piled, after which two elections were held, the first on August 1, 1908, at which the provincial and municipal officials were elected, and the second on November 14, 1908, at which were elected the President, Vice-President, Senators, and Representatives in Congress. Although the campaign was one of great activity and intense partisan feeling was displayed, yet absolute tranquillity prevailed at the first election. After a most exciting and enthusiastic campaign in which the candidates for President and Vice-President toured the island from end to end the second election was held and conducted with absolute order as complete as prevails in the best regulated towns in the United States. Both elections were conducted substantially as are elections here.

These elections were conducted under an election law drafted by the advisory commission and given as much publicity as possible. After careful consideration of suggested amendments and such as appeared advisable had been incorporated, it was promulgated as law by the provisional governor on April 1, 1908, and amended on September 11, 1908, by reason of experience gained in the application of the law in the provincial and municipal elections.

The Liberal party was generally successful, all Senators being of that party, and Gen. José Miguel Gómez was elected President and Dr. Alfredo Zayas Vice-President, receiving all the presidential electoral votes cast. The provisional governor, pursuant to instructions from the President of the United States, assembled the Congress, which met on January 13, 1909, and on January 28, the President and Vice-President-elect were duly inaugurated and the provisional government ceased and terminated at noon of that day.

The cost of the intervention, including all extraordinary expenses arising therefrom, paid largely from the appropriations for the military establishment of the United States, was as follows:

Statement of extraordinary expenditures on account of the army of pacification in Cuba.

	Fiscal year.			Total.
	1907.	1908.	1909.	
Military Information Division, U. S. Army.....	\$4,906.28	\$10,095.72	\$5,430.21	\$20,432.21
Signal Corps, U. S. Army.....	94,892.98	7,621.95	2,737.22	105,222.15
Engineer Department, U. S. Army.....	17,849.79	11,675.99	4,990.32	34,516.10
Medical Department, U. S. Army.....	88,839.02	34,723.90	10,371.54	133,934.46
Commissary Department, U. S. Army.....	171,134.14	207,816.17	154,872.42	533,822.73
Quartermaster Department, U. S. Army.....	2,656,471.27	1,312,612.64	720,868.98	4,689,952.89
Ordnance Department, U. S. Army.....	3,838.09	10,860.79	3,035.40	17,734.28
Paymaster Department, U. S. Army.....	255,450.76	251,065.36	223,445.92	729,962.04
Judge-Advocate-General, U. S. Army, law books.....	444.10	-----	13.25	457.35
Paymaster Department, U. S. Marine Corps.....	41,072.83	45,819.85	34,988.90	121,881.58
Quartermaster Department, U. S. Marine Corps.....	41,835.87	42,794.52	36,965.08	121,595.47
Total.....	3,376,735.13	1,935,086.89	1,197,689.24	6,509,511.26

"A of the total sum, \$121,881.58, \$1,511.88 is chargeable to "Pay of Navy" and \$321.13 to "Pay Miscellaneous—Navy."

*Expenditures of the Republic of Cuba on account of American intervention,
October 1, 1906, to June 30, 1909.*

Amount advanced by the Republic of Cuba	\$895, 891. 92	
Expenditures:		
Barracks and quarters	\$830, 945. 46	
Target field	14, 139. 86	
Salary of provisional governor	14, 333. 23	
Printing and miscellaneous expenses	6, 369. 12	
Roads	899. 81	
Mileage and actual expenses	15, 123. 05	
Amount in hands of disbursing officers	14, 081. 34	
Total	895, 891. 92	895, 891. 92

DOMINICAN CUSTOMS RECEIVERSHIP.

The administrative control of the Dominican customs receivership continued to be exercised during the year through this bureau. The second year of the receivership under the convention of 1907 ended June 30, 1909. Mr. W. E. Pulliam has remained in office as general receiver and there have been no important changes in the personnel. The actual customs receipts for the year turned over to the receivership amounted to \$3,359,389.71, a decrease of \$109,720.98 from the receipts of the preceding year. Because of generally unfavorable commercial conditions and the anticipated revision of the Dominican tariff laws an even greater decrease than this was anticipated, and this slight falling off gives no cause for concern. The remittances of \$100,000 monthly required by the convention were made promptly to the fiscal agent in the United States, and deducting only the expenses of the receivership, the balance of the collections was turned over to the Dominican government. The limit of expenditures on account of the receivership is fixed by the convention at 5 per cent of the customs receipts, a maximum that has not in any of the four years of the life of the receivership yet been reached. The expenditures of the receivership for the last fiscal year were 4.05 per cent of the receipts, in which is included, though not specifically so required by the convention, the total cost of the maintenance of all of the custom-houses and the collection of all the customs revenues. The balance of the 5 per cent authorized and remaining unexpended accrues to the Dominican government.

The receivership has, at the request of the Dominican government, placed itself at the disposal of that government in the preparation of drafts of the new tariff measure now under consideration to take the place of the tariff laws enacted in 1897, and since modified by numerous decrees and resolutions having the effect of amendments. Recent reports indicate that the new law will become effective January 1, 1910. The measure has been carefully drawn to remove many of the oppressive features of the existing laws, while at the same time assuring revenues that will meet the requirements of the convention and the necessities of the Dominican government. It is believed that once in operation a marked increase of trade of the republic will follow and a higher standard of living for the Dominican people will gradually develop.

Regular reports and copies of the accounts of the receivership are received in the bureau for examination, and in accordance with the

terms of Article 4 of the convention and of the executive order of July 25, 1907, an annual inspection of the accounts and records of the receivership is made on the ground by a representative of the bureau.

The following is a statement of receipts and expenditures by the receivership under the *modus vivendi* and convention:

Statement, by fiscal years, of the customs service of the Republic of Santo Domingo under the operation of the "Modus Vivendi" and the convention of February 8, 1907, from April 1, 1905, to June 30, 1909.

	April 1, 1905, to June 30, 1905.	July 1, 1905, to June 30, 1906.	July 1, 1906, to June 30, 1907.	July 1, 1907, to June 30, 1908.	July 1, 1908, to June 30, 1909.	Total.
DEBITS.						
Expenditures:						
Interest and exchange, S. Michelena.....	\$2,186.17	\$5,405.54	\$11,563.96	\$12,185.71	\$10,831.17	\$42,172.55
Salaries and expenses at all ports.....	13,454.97	70,199.47	72,478.23	70,963.42	84,710.25	320,806.34
Salaries and expenses, office of controller and general receiver	7,427.88	34,138.94	37,683.06	43,007.80	55,023.38	177,281.06
Expenses of customs and frontier guard.....		32,870.66	58,093.22	46,643.67	3,542.37	141,149.92
Expenses of revenue-cutter service.....		1,065.68	42,012.96	41,057.50	33,344.52	117,480.66
Cost of revenue cutters.....		18,680.00	38,517.50			57,197.50
Cost of customs-house at El Fonda.....			3,046.80	696.12		3,742.92
Property and supplies, general service.....				215.50	527.64	743.14
Expenditures from internal revenues:						
Ramona-Seybo-Macoris Railway.....		5,935.06	28,127.19	15,554.79		49,617.04
Mona-Monte Cristi Railway.....			56,770.45	25,924.68		82,695.13
Guaranty fund for construction of railroads (derived from internal-revenue fund).....			22,708.17	10,369.87		33,078.04
Refunds of customs collections:						
Personal fees and concessions.....	8,462.78	54,911.08	64,728.94	59,338.51	21,875.86	209,317.17
Excess duties.....		3,897.10	9,172.57	9,682.42	4,628.76	27,380.85
Payments:						
Paid Dominican government, account of internal-revenue balance.....				9,105.52		9,105.52
Jimani affair.....				655.15		655.15
Republic of Santo Domingo. Remittance under "Award".....	143,882.02	1,216,428.73	1,345,757.46	1,463,217.61	1,826,942.00	5,996,227.82
Bills payable.....	2,751.43					2,751.43
Morris indemnity.....	8,167.96	5,300.00				13,467.96
Las Matas affair.....			1,126.85			1,126.85
Milburn settlement.....			5,000.00			5,000.00
Available for distribution:						
Fiscal agency account ^a	254,158.79	1,287,158.73	1,481,045.12	1,630,487.76	1,159,890.95	5,812,741.35
One-half surplus account of sinking fund.....					39,118.10	39,118.10
Balance due Republic of Santo Domingo.....					58,063.58	58,063.58
Unremitted balances of customs collections in hands of deputy receivers.....					21,277.90	21,277.90
Depository account (unremitted balance), account of fiscal agency.....					100,000.00	100,000.00
Total.....	440,492.00	2,735,990.99	3,277,832.48	3,448,106.03	3,419,776.48	13,322,197.98
CREDITS.						
Gross customs collections.....	523,880.12	2,712,821.55	3,300,392.44	3,446,448.20	3,338,655.67	13,322,197.98

^a Transferred from sinking-fund account to the fiscal-agency account on December 31, 1907.

LAW OFFICER.

In addition to the routine work of this office, constantly widening in scope and enlarging in amount, there have been many questions presented with relation to the closing of the provisional government of Cuba and the coming under the bureau of the government of Porto Rico by act of Congress and the executive order of the President. The arrangement of the obligation of the Manila Railroad Company and the guaranty of a portion of its bond issue made necessary extended negotiations as to the substance and form of its obligations under such guaranty. During the year the law officer has been charged with the conduct in the supreme court of all cases in which the government of the Philippine Islands or any of its instrumentalities is concerned as a party.

CIVIL OFFICERS IN THE PHILIPPINES.

For the reasons explained in my last annual report, I again strongly recommend that Congress be asked to provide for the retirement of certain civil employees of the Philippine government on part pay after ten years or more satisfactory service.

As previously shown, the expenditures, under the plan proposed, can never exceed \$100,000 annually, and will be made, of course, from Philippine revenues, since it is the Philippine government that may expect to profit most from the increased incentive to efficiency in its personnel.

OFFICES OF THE BUREAU.

The bureau is seriously handicapped in its work by the lack of adequate offices. The chief of bureau and his assistants have one room in which to receive callers on official business and conduct the correspondence of the bureau. The adjoining room is occupied by the clerks assisting in the correspondence, and in another room across the hall are kept the records. Interest in our insular possessions has increased to such an extent that in addition to a large volume of correspondence there are numerous callers requiring personal interviews. The chief of bureau is constantly embarrassed while engaged with one caller upon matters of importance by interruptions from others, and it is a common occurrence to have half a dozen or more persons in his office at the same time, each desiring to discuss different matters. A separate office for the chief of bureau and an adjoining room in which his assistants could receive callers, ascertain the nature of their business, dispose of the same, or arrange for an interview with the chief of bureau, has become essential to the proper and orderly conduct of the work of the bureau. As a temporary expedient, the room adjoining the office of the chief of bureau should be occupied by the assistant to the chief, and the correspondence clerks now in that room should be provided with quarters elsewhere on the same floor.

This room is urgently needed and it is recommended that it be supplied.

The bureau uncomplainingly undergoes the inconveniences due to the congested state of the State, War and Navy building. At present the clerks and records are widely scattered and inadequately provided

for, some being on the second floor of the State, War, and Navy building, some in the basement and in the subbasement of that building, and others in a rented building at 1800 F street, while a part of the records are kept in rented storage at 920 E street. It is evident such a condition is contrary to sound administration, but request now is made not to correct conditions for the present inevitable, but only such as may be remedied.

PERSONNEL.

OFFICERS.

With the widening activities in the insular possessions, the work of this bureau has, of necessity, increased rapidly. The recent assignment to the bureau of administrative responsibility for Porto Rican affairs has added not only to the work but presented problems for solution which, if not new, are at least different in detail and require both care and experience to insure successful solution.

While the work and responsibilities of the bureau have increased, there has been no such corresponding growth in its personnel. As I have said before, I believe the provision for the exercise of the higher responsibilities of the bureau by officers of the Army a wise one. This follows naturally from their training and their familiarity with the administrative methods of the department, but their first-hand knowledge of the field of the bureau's labors is an additional and important reason for this provision. In addition to the Chief of the Bureau, its permanent officer personnel consists under the law of one assistant, detailed from the army, with the rank of major, for a period of four years. Were the officer force limited strictly to the one assistant thus provided, the usefulness of the bureau would be seriously impaired. It is hardly to be doubted that more different problems and more varieties of work fall upon this office than upon any other single bureau of the Government, since it is concerned by its very nature with almost every form of governmental activity arising in the administration of insular possessions on two sides of the world and affecting a total population of over 11,000,000. Where similar activities are exercised in connection with the home government, they are divided among many different departments and bureaus. With this in mind, it may be understood that no officer, however able, called for the first time from his ordinary duties to take up the responsibilities of an entirely different nature inherent in a bureau of this character, could immediately grasp all of the problems presented. Under the most favorable circumstances some little time would be necessary for him to familiarize himself with the work and to insure its wise conduct without break in the policy in force.

Under the present law providing for only one assistant, to be relieved every four years, or in case of casualty or the relief of the assistant authorized for any other reason than expiration of his legal term, the bureau, without a trained officer immediately to take his place, would be seriously handicapped, and an unfortunate hiatus would necessarily follow while the newly appointed assistant became familiar with his duties. As pointed out in a previous report, this condition actually presented itself when the officer detailed under

the law received his promotion in the line of the army something over a year ago. This condition was met temporarily by the direction of the Secretary of War through the continuance on detached duty in this office of the officer relieved from detail under the act of 1907. While another officer was detailed in accordance with the law, the conditions thus presented and the steadily increasing volume of work in the bureau have rendered the steady employment of both of these officers imperative. I can not emphasize the fact too strongly that the future efficiency of the bureau demands legal provision for at least two assistants. In variety of work no other bureau of the War Department can, for the reasons shown, be compared, and in volume there are few, certainly, that exceed it. Yet there is no other bureau in the Department that has not for assistants to its chief more officers, and more officers of comparatively high rank, than the Bureau of Insular Affairs. Only the fact that the bureau has been fortunate in securing officers peculiarly qualified and endowed with exceptional energy has made possible, I believe, the results achieved. To Major McIntyre, especially on account of his long service, and to Major Shelton, the other assistant, and an officer of unusual ability, faithfulness, and efficiency, I owe my personal and official thanks. It would have been impossible without their aid to attain to what the bureau has accomplished.

Maj. Frank McIntyre, the first assistant appointed under the act of Congress conferring the rank of major upon the officer thus appointed as assistant to the Chief of the Bureau, was detailed on this duty in 1905. During the absence of the chief he has been acting chief of the bureau. These absences on duty have been prolonged in two instances to about four months each and in one instance to about eight months. He was selected originally for his qualifications for the work required. His work for the bureau and his assistance to me have been invaluable. Much of his work has been of a creative order. His capacity, his judicial temperament, and the results he has obtained make him, in my estimation, almost essential to the bureau, if it may be anticipated that the problems presented to it for solution continue as important as they have proved in the past, and to the efficiency of the office as a clearing house between the Government of the United States and the insular possessions under the War Department.

Not only to assure a moderate reward to an officer who has thus given vastly increased labors to the bureau and the Government in the capacity simply of a detached officer, but to make it possible in the future to secure the experience and judgment essential where so many important interests are concerned, suitable rank should be authorized as an accompaniment of the office when an additional assistant is provided. It is urged therefore that Congress be requested to provide for the detail of two officers hereafter as assistants to the Chief of the Bureau instead of the one now authorized, and that these two officers, while so serving, shall have rank, pay, and allowances of colonel and major, respectively. As the one now authorized has under the law the rank of major, this would mean simply provision for the detail of one additional officer with the rank of colonel.

CLERKS.

Notwithstanding the increasing demands on the bureau throughout the year, its work has been kept up to date without increase in the clerical force, though not without considerable overtime work and the loss in some instances of the regular vacations to which by law the members of this force are entitled. Without a corps of well-trained clerks and a high standard of individual efficiency this result would have been impossible. In view of the increasing responsibilities and work of the bureau I again recommended in my estimates for the present fiscal year small increases in the force and in the salaries of a few of the clerks occupying positions of increasing responsibility. These estimates were returned for revision, however, and but two additional clerks were finally authorized.

Exclusive of the salaries of the Chief of the Bureau and his two assistants, the cost of the bureau to the United States Government is now about \$86,000 annually. A comparison of these figures with the regular and special appropriations made for the support of the bureau in the past will show that, notwithstanding the increased responsibilities and work intrusted to the bureau, there has been no corresponding increase in the cost of its maintenance. Not only this, but there has been an actual reduction in number in the clerical force of the bureau—a result made possible only by increased efficiency in organization and individual development in the personnel as the various employees became experts in this wholly new line of work. To maintain this standard some incentive in the way of increased salaries and opportunities for advancement are deemed absolutely essential. Not only this, but the increased cost of living, so plainly apparent on every hand and constantly accentuated, would seem sufficient to warrant an increase in departmental salaries fixed almost sixty years ago as an actual necessity for the proper support of the employees who give their lives to this service. Congress has recognized this condition in granting liberal increases in other branches of the governmental service, and it would seem but just that this important part should receive similar recognition.

I can not speak too highly of the interest and energy that the clerks of this bureau have put into their work, and the unity of purpose that has animated them in carrying to success the purposes for which the bureau was organized.

Respectfully submitted.

CLARENCE R. EDWARDS,

Brigadier-General, U. S. Army, Chief of Bureau.

THE SECRETARY OF WAR.

REPORT OF THE PHILIPPINE COMMISSION TO THE
SECRETARY OF WAR.

ANNUAL REPORT OF THE PHILIPPINE COMMISSION TO THE SECRETARY OF WAR.

MANILA, *November 13, 1909.*

SIR: The Philippine Commission has the honor to submit its tenth annual report, covering the fiscal year ended June 30, 1909.

The First Philippine Legislature convened for its second session February 1, 1909. By virtue of Concurrent Resolution No. 2 the two houses of the Legislature had previously agreed that neither house would adjourn without the consent of the other for a longer period than three succeeding days, exclusive of Sundays and legal holidays.

Before adjourning the special session on June 19, 1908, the Legislature had provided for the formation of a joint legislative committee, of which the Hon. Dean C. Worcester was chairman, composed of seven members of each house. This committee was charged with the duty of preparing legislation for consideration by the Legislature at the regular session. The committee divided into subcommittees to deal with legislation pertaining to the different departments of the government and other matters, and finally, on the day on which the Legislature convened, it ended its term by presenting carefully prepared reports on all petitions and all suggested laws which had been submitted to it, including an agreement between the representatives of the two houses for a joint recommendation for the annual appropriation bill. This proved to have been a very convenient thing, because when the time came for the passage of the annual appropriation bill, which was postponed until the last day of the session, the few changes which time had indicated as important to be included were brought up, a conference was held upon them, and an agreement very easily reached.

The Commission moved to Baguio March 6, 1909, and held its sessions there until April 30, 1909, when the members moved down to Manila to be near the Assembly during the closing days of the session. Governor-General Smith, who had applied for leave of absence and was expecting to leave for the United States, found so many duties to his hand in preparing for his expected departure that he was unable to move to Baguio with the Commission, although he visited there for a few days. The duty of presiding at the sessions at Baguio therefore devolved upon the vice-governor.

The Commission has adopted the practice of referring all legislative matters to committees, there being permanent standing committees for all of the general subjects likely to arise. The secretary of each executive department is the committee for affairs pertaining to the bureaus and offices under his executive control. Special committees are appointed from time to time as special questions arise which would seem to render such a course advisable. This measure has had excellent results, as all matters submitted to the Commission have been carefully prepared and placed in proper shape before being brought up for consideration. The secretary of the Commission reports that a total of 212 committee reports have been made to the Commission since the organization of the Legislature.

The Commission has adopted certain rules which provide for the conduct of the Commission, the form in which a law should be prepared, the order of procedure, etc. It was found that although the law of Congress provided that the vice-governor should be acting chief executive during the absence of that officer, there was no provision of law which provided for his being acting president of the Commission, as the position of president of the Commission is a legislative one and not included in the duties of the Governor-General as such. This was provided for by the adoption of a rule by the Commission that in the case of the absence of the Governor-General the vice-governor should preside, and in his absence the Commissioners in the order of the date of appointment.

During this last session of the Legislature, 375 proposed laws were introduced in both houses, of which number 47 were Commission bills and 328 were Assembly bills. Of the 47 bills introduced in the Commission, 33 were passed by the Commission and sent to the Assembly, and 23 of the 33 were passed by the latter house. Of the 328 bills introduced in the Assembly, 119 were passed by the Assembly and received by the Commission, and 49 of the 119 were concurred in by the Commission, making a total of 72 laws passed by the Legislature during the session.

During the fiscal year the Commission passed 12 laws only in its exclusive legislative jurisdiction over the territory inhabited by Moros and other non-Christian tribes.

At the time of adjournment there were no bills or resolutions passed by the Assembly which had not been disposed of by the Commission and no bills or resolutions passed by the Commission which had not been disposed of by the Assembly. Thus each house closed with a clean record in regard to the disposition of matters submitted to it by the other.

The Commission came to the conclusion that considerable confusion in the legislative records of the islands might ensue if the Assembly were to be allowed to amend a number of general laws

which had been passed by the Commission during the time it had exclusive jurisdiction over the whole archipelago, the amendments, however, being applicable only to that part over which the Assembly has concurrent jurisdiction. The fact that the Commission approved the amendments did not in their judgment make them applicable to the territory inhabited by Moros and other non-Christian tribes, unless expressly so stated in the law, and if expressly so stated in the law the submission of the same for the vote of the Assembly was clearly inadvisable. The Commission therefore agreed to prepare and pass a law, which was done after the close of the fiscal year, making applicable to the Moros and other non-Christian tribes all laws passed by the Legislature amendatory of general law or which might be advisably so applied. Each law thus made applicable was given by number and by title in the new law and the policy has been adopted for future conduct of passing in each such case two laws, one to be passed by the Assembly and Commission concurrently and the other by the Commission only.

IMPORTANT LEGISLATION ENACTED.

In the capacity of sole Legislature of the Moro and other non-Christian provinces:

An act establishing the Mountain Province. This combines a number of provinces into one general Mountain Province with subdivisions under lieutenant-governors, which makes a more efficient unit for administration.

An act granting a municipal charter to the city of Baguio.

Act No. 1960 provides for the payment of the cost of the bureau of constabulary in the provinces inhabited by Moros and other non-Christian tribes. Hitherto the cost of the constabulary has been carried as one item. The expenses of the administration of the Moro Province have all been borne from the receipts of the Moro Province, including health work, agriculture, forestry, education, etc. This act further provides for the payment of certain expenses of the bureaus of health, forestry, agriculture, and education in the Mountain Province and other provinces inhabited by non-Christian tribes. Hitherto these expenses herein cared for have been appropriated for in the regular appropriations for the bureaus concerned and have not been the subject of special appropriation.

By the Philippine Legislature, both houses concurring:

An act shortening the hours for employees of the civil government during the hot season.

An act authorizing the Governor-General to convey or lease to provinces or municipalities real estate belonging to the insular government. Under a recent decision of the supreme court all public land used for public purposes, whether by municipalities or prov-

inces, has been declared to be insular government property unless they have evidence of title, which very few provinces or municipalities have. The insular government desires to deed these lands to the municipalities and provinces for certain public purposes. This law was designed to enable such transfers to be made expeditiously.

An act fixing the age of majority at 21 years. Hitherto the age of majority had been 23 years. As Filipinos mature early there seemed to be no doubt of the advisability of making the change.

An act authorizing the Governor-General at any time within the ensuing three years to revert to the treasury unexpended balances of any appropriation at any time and to transfer the reversions from previous years under certain limitations to help out bureaus where public interest requires the amount of their appropriations to be augmented. This was to enable the Governor-General to administratively make the economies which might be necessary as a result of decreased revenues following the passage of the Payne bill and anticipating reductions in customs receipts owing to free entry of articles from the United States.

An act granting a new concession to construct additional railroad lines in the island of Luzon, the terms of which are set forth in the Governor-General's report.

An act authorizing the City of Iloilo to issue bonds to the amount of ₱300,000 for public improvements.

An act providing that 30 per cent of all money received from cedula taxes must be expended in the municipality where collected.

An act creating a code committee to have five years in which to compile and codify the laws of the islands.

An act providing for the continuance of Spanish as the official language of the courts for an additional two years, or until January 1, 1913. Due to the fact that most of the native lawyers speak Spanish and can not conduct their business in English, it would be too great a hardship to insist upon the abandonment of the Spanish tongue until more time has been given.

An act providing for bankruptcy and the treatment of insolvent debtors. This has been a great necessity in the Philippine Islands for years, and it is believed its passage is most opportune. It is one of the most important constructive measures presented to the Assembly for its consideration.

An act providing for the establishment of the province of Batanes.

An act to establish a sugar-testing laboratory in the City of Iloilo, and fixing the powers and duties of the sugar chemist in charge thereof. This means that the government will standardize and classify sugar for the merchants of Iloilo and the sugar-producing provinces in its neighborhood.

An act providing for the establishment of a government Philippines Library and putting thereunder the control of all the libraries of all the departments of the government.

An internal-revenue law changing the domestic rates of internal-revenue duty on all imported alcoholic and tobacco products, whether coming from the United States or foreign countries. This act, which was to be put into effect if the Payne bill were passed, but not otherwise, was made effective by proclamation of the Governor-General August 7, 1909.

An act providing for a change in the date of holding sessions of the Philippine Legislature, placing the day for the meeting of the next Legislature at the 16th of October, 1910, and annually on that date thereafter.

An act providing for the sale of public improvement bonds to the extent of ₱3,000,000.

The annual appropriation bill for the administration of affairs of the insular government for the year 1910. The total is smaller than last year, due in a large measure to the fact that the cost of the constabulary and other insular government functionaries for the provinces inhabited by the Moros and other non-Christian tribes has been excluded.

On May 15, 1909, the Hon. Benito Legarda and the Hon. Manuel L. Quezon were elected as Resident Commissioners to the United States by the unanimous vote of both houses, sitting separately. The term for which they were elected was by resolution by the Commission made to conform to the terms of the sessions of Congress, so that the Resident Commissioners would thereafter hold the same term of office as do Congressmen in the United States.

CHANGES IN THE COMMISSION.

On July 1, 1908, Hon. W. Cameron Forbes, secretary of commerce and police, was appointed vice-governor; Hon. Gregorio Araneta, the attorney-general of the islands, was appointed a member of the Commission and secretary of finance and justice, vice Hon. Henry Clay Ide; Hon. Newton W. Gilbert was appointed a member of the Commission, vice Hon. Benito Legarda, elected Resident Commissioner to the United States, and the Hon. Rafael Palma was appointed a member of the Commission, thus for the first time filling the position of ninth Commissioner authorized by act of Congress approved May 11, 1908.

On March 1, 1909, the resignation of Hon. W. Morgan Shuster was accepted by the President, and the Hon. Newton W. Gilbert was appointed secretary of public instruction in his place.

The resignation of the Hon. Trinidad H. Pardo de Tavera was accepted on March 1, 1909, and the Hon. Juan Sumulong, judge of the court of first instance, was appointed to the vacancy thus created.

Hon. Frank A. Branagan, treasurer of the Philippine Islands, was appointed to the vacancy on the Commission as of date March 4, 1909.

On May 7, 1909, the Hon. James F. Smith took his departure from the Philippine Islands and turned over the duties of his office to the Hon. W. Cameron Forbes as acting president of the Commission and Governor-General. Governor Smith had presented his resignation as Governor-General and president of the Commission some months previously, but his services were so urgently needed here that he was not permitted to leave until that date, when, in response to his own urgent request, he was allowed to go to the United States on leave of absence. Before leaving he bade his friends farewell, indicating that it was his intention not to return. In Governor Smith the Filipinos lose a warm friend and most devoted servant. His Philippine career began with the first day of American occupation and ended only at his own urgent desire after more than ten years of faithful service to the country.

TARIFF RELATIONS WITH THE UNITED STATES.

A culmination of years of determined effort on the part of Mr. Taft as civil governor, Secretary of War, and later as President, came when the Congress of the United States did the Philippine Islands the simple justice of opening the markets of the United States to their products, even though limitations were placed in regard to certain important ones. On August 6, 1909, the so-called Payne and Colton bills became law.

In spite of the adverse trade conditions there had been a steadily growing trade between the Philippine Islands and the United States, so much so that it was estimated that the admission of the products and manufactures of the United States free of duty would cause a falling off in the customs receipts of the islands, estimated to be about ₱4,000,000 per year. Some careful thinkers hesitated about the wisdom of recommending the passage of the act in this form because of the difficulty of administering the islands with the revenues so greatly reduced. The Assembly, by unanimous vote, passed a resolution opposing the passage of the Payne bill by Congress, which resolution was sent up for concurrence to the Commission, the substance of it, however, having been first telegraphed to Washington. The Commission laid the resolution on the table and passed another resolution, which set forth the probability of difficulty in managing the government with a sharp reduction of revenue and requested assistance from the United States Government in meeting such expenses for the limited period of three years, but unequivocally setting forth the value and use of free trade and its necessity for the welfare of the country.

It was proposed, however, to increase the money to be received from internal revenue, but there was some doubt as to whether the

Assembly could be prevailed upon to pass any law increasing local taxation. Moreover, 40 per cent of the money received from internal revenue is under existing law distributed to the provinces and municipalities, the insular government getting only 60 per cent, so that the insular government could expect to get but 60 per cent of the amount to be expected from the increase of the internal revenue. The Assembly, however, did not hesitate to pass the necessary additional internal-revenue law, and Congress took care of the proportion going to the provinces and municipalities by providing that all internal revenue from all sources should go to the insular treasury and be subject to distribution by the Commission until action by the Legislature. The Commission immediately passed Act No. 1964, redistributing the internal revenue on exactly the same basis and in exactly the same proportion as before, with one proviso, however, which was that in no case should the amount received by the provinces and municipalities exceed the amount received in 1909. Thus the whole of the increase, which it is estimated will reach ₱2,500,000 per annum, will go to the insular treasury to offset the decrease expected in the customs.

The Commission was strongly of the opinion that even though the government should have to suffer an annual loss of the whole of ₱4,000,000, still the benefits to be expected to industries and the development of the people amply justified the cutting down of expenditures in other directions which would have followed.

TRADE CONDITIONS.

The report of the bureau of customs shows a reduction in the total amount of trade done in the Philippine Islands of \$4,909,621 from the previous year. The secretary of finance and justice explains this decrease in the matter of imports by the fact that the merchants left much of the merchandise they had imported in bond pending the passage of the new tariff law and in the matter of exports by the fall in the price of hemp, which reduced the value of exports without in any way reducing the volume. It is to be hoped that the stimulus and betterment of prices resulting from the Payne bill will show a marked and immediate increase in the volume of trade.

CONDITIONS AS TO PEACE AND ORDER.

We believe it is safe to say that never before in the history of the islands has public order been as well preserved as it is to-day. With the exception of one fanatical agitator, who has committed no depredations, but seems to maintain an organization in the provinces immediately north of Manila, which purports to be religious in its character, there is not one outlaw in the whole island of Luzon who is of sufficient note to be mentioned by name, nor indeed is there any

whose name, by reason of his deeds, is known to the undersigned. The same condition prevails throughout the Visayan Islands, with the single exception of Samar, where one of the later chiefs among the pulahans is still at large, although the activity of the constabulary is such that his only occupation seems to be hiding, as no known depredations have been committed by his band, now numbering a very few men.

This statement, however, does not hold good of the island of Mindanao, where during the year there have been several serious infractions of public order. The first of these resulted in the punitive expedition by constabulary against certain Moros inhabiting the country between Lake Lanao and the Cotabato Valley, known as the Buldong country. The second were the depredations of a band of pirates under the leadership of a man by the name of Jikiri. The removal by the navy of a number of gunboats which had patrolled these waters, and at the same time the removal by the insular government of the coast-guard cutter which had been kept there to prevent the advent of smugglers, encouraged these pirates to organize and commit depredations, a number of which were charged to their account, including the murder of two settlers, one English and one American, on a small island near Bongao; a successful attack upon certain boats of the pearling fleet inflicting considerable loss to pearlers; and finally a very sharp encounter between the pirates and the officers and men of the Sixth Cavalry, assisted by the navy, in which the casualties were very heavy, the band being completely exterminated to the last member; but there were four American soldiers killed and a number of soldiers and one or two sailors wounded.

A third matter, worthy of mention, was the constabulary mutiny at Davao. Two dissatisfied noncommissioned officers succeeded in getting some of their comrades excited by the use of native wines and persuaded them to attack an officer who had used harsh treatment toward them. They attacked two of their officers, wounding one, then escaped, later coming back and attacking the town. The American planters gathered to the defense of their womenkind at the church, and after some firing in which one of the planters and one mutineer were killed, relief came in the form of other constabulary, who hastened to the scene and drove away the mutineers, who have since all been accounted for, either dead or captured.

RELIGIOUS CONTROVERSIES.

The decision of the supreme court in the cases in regard to the ownership of church property has practically terminated these vexatious disputes. Pending the handing down of these decisions by the supreme court many churches were held by the municipalities or by

the representatives of the Aglipayan schism from the Roman Catholic Church. The supreme court has decided that these lands are the property of the church and not of the state, and that therefore the municipality must return the churches and other buildings and land to the Roman Catholic Church. In some instances advantage had been taken by the people who had the custody of the churches to return them in very impaired condition.

In the town of Escalante, Occidental Negros, feeling in connection with the return of church property arose to a degree that resulted in the murder of a Spanish priest who was there, but prompt and careful work on the part of the constabulary and of the bureau of justice has resulted in the discovery and conviction of the instigators of the crime.

Generally, however, the church has become possessed of its property throughout the islands with very little demonstration or evidence of disorder or dissatisfaction on the part of the people.

JUSTICE.

It is believed that during the year the administration of justice throughout the islands has received prompt attention. The work of the supreme court is deserving of especial mention, the number of cases pending at the close of the fiscal year being much less than at the end of the previous year. The courts of first instance have also kept their work well up to date. The court of land registration has not had sufficient force to properly perform its duties, and the appointment of the additional judges provided for by Act No. 1875 is now of immediate necessity. These judges have not been appointed because it was thought inadvisable to assume the heavy additional expenditure until such time as the results of the Payne bill should have satisfied the executive that there would not be a deficit in the operation of the government.

The secretary of finance and justice calls attention to the fact that the pay now received by justices of the peace is not sufficient to always get the best men, and as by far the greater portion of the cases throughout the islands are decided by justices of the peace, it is evident that it is of the utmost importance that the very best men should be secured to fill these positions.

SANITARY MATTERS.

It is believed that the sanitary work of the government is in excellent hands, and, in so far as existing appropriations permit, is being well done. Attention is called, however, to the vital necessity of improved sanitary conditions if the Philippine people are to hope to advance. It is an indisputable fact that a very large proportion of the Philippine people are unable, either for lack of proper nourish-

ment or on account of the existence within their systems of intestinal parasites or other diseases, to do an able-bodied man's work. Attention is called to the investigations recently carried out under the auspices of the bureau of health, the bureau of science, and the Philippine Medical School, in the town of Taytay, with the result that almost every person examined was found to harbor intestinal parasites of one or more kinds, and very much more than half of the persons had more than one variety.

The progress of artesian-well work throughout the provinces is of the most vital importance in this connection. It is fortunate that the Philippine people themselves appreciate the value of pure water and are willing to go for it and even make sacrifices to obtain it. It is noteworthy that in some cases they have become accustomed to walk for several miles in order to get the well water for drinking purposes in preference to the surface water which they had always been accustomed to drink, saying sometimes that this water is as good as medicine. This most encouraging feature of the work indicates that it will not be difficult to persuade the Filipino to make use of other sanitary facilities when offered.

Another change toward which the energies of the government should be bent, but one fraught with much more difficulty and one in which any general progress can not be expected except during the lapse of a considerable number of years, is teaching the people to eat with knives and forks and to discontinue the present custom of eating with the fingers, which prevails among the lower classes throughout the archipelago.

The present precautions against cholera, plague, and smallpox seem to be disposing of the menace of these diseases as general epidemics, while the introduction of a pure water supply now going on by means of the artesian well and other methods, as, for example, completion of the water supply for Manila, and the reservation of watersheds for Cebu and in the neighborhood of other municipalities to prevent contaminating influences, should result in a very marked improvement and greatly facilitate the struggle against epidemic.

In May, 1906, when the segregation of lepers at Culion began, it was estimated that there were 3,500 lepers in the islands. At the end of the present fiscal year the estimated number is 2,273, a decrease of 35 per cent. This is due to the fact that the mortality so far exceeds the new cases.

It is believed that as the resources of the government increase the sanitary work should be proportionately increased eventually to include a fairly general examination and purging of the system of the people and such general work as it will be possible to do to improve the hygienic conditions and generally raise the tone of the physique of the people. No such result can be hoped for, however,

with the present organization and force; but it is with such an object that the medical school has been established, which now has 69 of the most capable young Filipinos studying medicine under an excellent corps of doctors and surgeons. Of these 2 are receiving their tuition free from the government, being picked students from the provinces under an agreement to return to the provinces from which they were selected and practice medicine there for a number of years equal to the number of years they received education from the government. As the course at the medical school is four years, and as there is one such scholarship provided for each province, it is expected that eventually by this means there will be provided automatically at least one first-rate young Filipino doctor in each province. The use of these young doctors should be more general than this even, because it is believed that the Filipinos will be more readily influenced by one of their own race, speaking their own language or dialect, familiar with their local customs and peculiarities, than they could possibly be by doctors of another race, such as we are able to offer them at present. The hope of the sanitary development of the Philippine Islands lies in the young graduates of the government medical school.

INSANITY.

The government is desirous of undertaking a more thorough system of caring for the insane. At present the funds are not sufficient to enable the government to undertake this important humanitarian work, except in so far as the maintenance of an asylum in Manila and payment to a private religious institution of a subsidy for the care of certain insane intrusted to it are concerned.

TUBERCULOSIS.

Tuberculosis is alarmingly frequent in the islands. The people seem to be very susceptible to this dread disease, and the climate being very humid is not well adapted to its cure. The bureau of health has already begun experiments in the matter of establishing places for the treatment of this disease and it is hoped that the revenues of the government will justify the continuance of this important humanitarian work.

IWAHIG PENAL COLONY.

After several years' trial the government penal colony at Iwahig, island of Palawan, can now be declared, in so far as conduct of prisoners, sanitation, education, and reform features are concerned, to be an entire and assured success. Much credit must be given to Col. John R. White, the former superintendent, and Mr. Carroll H. Lamb, the present superintendent, for this condition of affairs.

Mr. Lamb writes of the colony:

The colony is prospering and the policy is working out perfectly in its practical details of application.

Within a few months the last of 50,000 cocoanuts will be planted.

Schools are being conducted and with gratifying success. At present there are two day classes of adults, colonists, two night classes of adults, colonists, and the regular daily children's school.

At the present time discipline is practically perfect, in fact as perfect as it could possibly be among any body of men. There are six good-sized barrios, which are the settlements formed by men with families and individual farms. Each barrio has its president and any infraction or breach of discipline is very rare.

The self-government for the colonists is a gratifying success.

This colony is indeed a unique institution—850 men, convicted of all kinds of crime, unguarded, conducting a little community with their own government, their own officers, and their own police, over whom the chief is a life-sentence prisoner, convicted of murder. The prisoners have their own tribunals, elected officers, and assess their own penalties for infraction of rules. The power of the superintendent is absolute, as he can disapprove the findings of the court, all elections, all appointments, all judgments, but as will be seen from his own words the cases are very few where interference is necessary.

The community is founded upon what are proved to be proper sociological principles, the original idea having been obtained from an investigation of the George Junior Republic. The prisoners are given continuing incentive. There is always a grade before them which they can reach by industry and diligence. They may lose the standing they have acquired by any infraction of order or lack of diligence. Skilled laborers are allowed to wear straw hats and the colonists, as they are called, take great pride in earning the right to wear the garb of civilian and graduate from the clothes that resemble a prison uniform. The more advanced grades have their own farms, which they work on a profit-sharing basis with the government, and their own families. The highest grade receive pay and have all sorts of privileges, including rank insignia, a separate and better table, and better quarters.

Attention is respectfully invited to the details of the institution in the report of the department of public instruction.

FRIAR LANDS.

The government is beginning to see light at last in its efforts to so manage the so-called friar lands as to dispose of the land at figures that will yield, in the form of annual rent and payments toward the purchase price, a sum that will pay the interest on the bonds issued for their purchase and redeem the principal.

Bonds to the value of ₱14,000,000 were issued for the purchase of these lands.

The interest on these bonds amounts to ₱560,000 annually.

Rentals for the leased lands amount to ₱303,034.53 annually.

Contracts for the sale of lands amounting to ₱1,517,339.57 have been made.

Leaving ₱12,343,585.83 (estimated) worth of lands in the hands of the government, of which ₱5,272,232.91 (estimated) in value were leased, and ₱7,071,352.92 (estimated) in value are still available for disposition.

The average value per hectare of the land left in the hands of the government, after completion of the present negotiations, is ₱140 (estimated).

Since the beginning collections have been made as follows:

Fiscal year.

1906.....	₱98,661.30
1907.....	226,627.63
1908.....	280,915.74
1909.....	534,122.55

being a total of ₱1,140,327.22, as opposed to ₱1,056,287.46 expenses for the same period, exclusive of interest, of which ₱588,913.48 covers cost of parcel surveys of estates and is nonrecurrent.

The secretary of the interior sets forth very clearly in his report the difficulties under which the government labors by reason of incorrect surveys. Men who have been practicing the profession of surveyor here have in the past made their living under a lax system, which allowed of careless surveys which to-day are inadmissible. The refusing these gentlemen the right to practice their profession by the bureau of lands has caused a great deal of dissatisfaction, and indeed made a serious political issue, as some of them were men of considerable importance in the community. These gentlemen have certificates to practice granted by the Spanish authorities and can not see why they should not be given equal standing with modern surveyors, just as doctors, lawyers, and men of other professions have been allowed to continue to practice their business. The difficulty in this respect is that the government has to guarantee the correctness of the titles under the Torrens system and the granting of patents to lands incorrectly surveyed will result in endless litigation later. Here again the government school, conducted by the bureau of lands, is designed to remedy this difficulty by providing properly trained surveyors.

LOCUSTS.

The damage caused crops by the swarms of locusts has been a source of great anxiety during the year and investigations are now in process as to the most economical method of combating the difficulty. Cognizant of the extent of the ravages caused by these

insects, the Commission early passed a law authorizing the local authorities to call upon the populace to turn out and combat them, but unfortunately one provision of this law was that the expenses were to be paid from the congressional relief fund, which, having now been exhausted, renders the law impossible of fulfillment, as there are now no funds provided for this work. This oversight should be remedied at the earliest date by the next Legislature. Meanwhile the bureau of agriculture and the provinces are authorized to expend moneys in connection with combating this pest.

EDUCATION.

The work of the bureau of education continues in extent and importance. While the number of children enrolled in the public schools is given as 570,000 the average attendance comes to but 321,415. The secretary of public instruction estimates that the total number of children of school age in the islands reaches 2,000,000, so that it will be seen that but one-fourth of the children of school age are now being instructed. There was some agitation on the part of the Assembly for the passage of a law for compulsory attendance upon school and indeed a measure purporting to accomplish this result was passed by the lower house. It was not, however, accepted by the Commission, on the ground that until we had funds with which to properly educate those who presented themselves and were even now anxious to get an education, it would be premature to pass any law for compulsory attendance at schools of children whom we were without funds to educate.

The Commission regrets that the prospect of a possible deficit in the operation of the government for the first year following the passage of the Payne bill made it seem advisable to cut down the appropriation for the purposes of education. This in no way indicates a desire to curtail the opportunities education offers and it is hoped that the result of the financial operations of the government will be such as to enable us to give a marked increase in the appropriation and in the amount of instruction given in ensuing years.

RECOMMENDATIONS.

The Commission believes that the expenses incurred in connection with the regular civil functions of the Philippine government should be paid for from its receipts and is satisfied to carry on the work of the government without direct appropriation from the National Treasury, but in case Congress is disposed to help the Philippine Islands in the matter of education and push the work faster than the insular treasury can stand, we shall be glad to see a considerable

annual appropriation made for education from the National Treasury. An additional amount of \$2,000,000 annually could be spent with great advantage to the islands.

All the work of the insular government is now being performed with insular funds, the Philippine government being strictly self-supporting, the only assistance received from the United States being the payment of an amount which comes to about two-thirds of the annual cost of coast surveys. These coast surveys are being carried on more rapidly than the civil government would do were it not for their military importance, which justifies the performance of part of this work with funds of the United States.

Under the provisions of Act No. 1929, passed under authority of the act of Congress approved February 27, 1909, the date of holding the sessions of the Legislature was changed from the first week of February of each year to the 16th day of October of each year, the next regular session of the Legislature to be held October 16, 1910.

As under the provisions of act of Congress approved July 1, 1902, the term for which the Delegates are elected runs from January 1 for two years, it will be seen that this does not fit in with the new date set for the meeting of the Legislature, and legislation is respectfully requested changing the term for which Delegates shall hold office so that it shall run from the 1st of October of each even year for a period of two years, and that the term for Delegates elected November 2, 1909, for the next term of the Philippine Legislature shall extend to the 1st day of October, 1912.

The Commission desires to repeat the recommendation which has been made heretofore, viz, that the limitations placed by act of Congress of July 1, 1902, on the amount of land which may be held by any corporation be increased to 6,000 hectares. The present limitation seems to serve no useful purpose and prevents the entrance of the Philippine Islands upon a career of development which would attract capital for enterprises of sufficient size to justify the purchase and installation of modern machinery. The fact that no large tract of land has been purchased of the government, and that no single large enterprise has been undertaken for the development of agriculture, in our judgment proves conclusively that the limitations placed by Congress on the quantity of land which one corporation or individual may acquire from the public domain has had the deterrent effect of preventing capital from coming here, which could not but prove beneficial, not only to the capitalist, but also to the Philippine Islands from the development of their latent resources and the opportunity for employment and better conditions of living which it would bring to the inhabitants.

The recommendations of the Commission as embodied in its report covering the fiscal year ended June 30, 1907, that sections 33, 36, 56, and 75 of the act of Congress approved July 1, 1902, entitled "An act temporarily to provide for the administration of the affairs of the civil government of the Philippine Islands, and for other purposes," as amended, have not yet been carried out.

The amendments recommended will promote the development of the mining industry, which has proved to be very beneficial to the country, by abolishing certain unnecessary restrictions and by facilitating the operation of the mining claims.

The principal objects of such amendments are to repeal the prohibition against the filing of more than one mining claim by the same individual or association upon a lode or deposit; to provide for the granting of licenses for the exploration and mining for gold and other precious metals by citizens of the United States or persons who have legally declared their intention to become such, or of the Philippine Islands, in navigable waters and all shoal waters between low and mean high tide upon shores, bays, and inlets of the Philippine Islands, subject to such limitations and regulations as may be provided for by the government of the Philippine Islands, as to exempt navigation from artificial obstruction or to protect prior vested rights; to provide for the grouping of two or more contiguous lode or placer mining claims for the purpose of assessment work; and to extend the time for the development and payment of coal claims for three years.

The Commission strongly urges the passage by Congress of a law which will have the effect of providing for the taking out of naturalization papers for citizenship in the Philippine Islands by aliens resident here. It now happens that many of the more desirable class of citizens can in no way obtain the civil rights of the government, no matter how large their interests or how permanent their residence or how closely identified their interests may be with the future of the islands. It is recommended that Congress either pass a law which in itself will give the power of naturalization and define the rules and regulations to be adopted, or empower the Philippine Legislature so to do.

Although the results of the first few months of operation under the Payne bill have been such as to give us reason to hope that the actual loss of revenue will not be as great as expected, it is to be anticipated that there will be a considerable reduction in revenues, which may result in the cessation of any new public works, as the current expenses of the government must first be met and the public works which are more optional in their nature are undertaken after the regular expenses have been cared for. To stop all public works, however, would be most unfortunate. The expenditure of the money is most beneficial and in itself helps the people. The public works to be

undertaken are selected with a view to bringing about increased production of wealth, as the construction of roads and bridges, wharves, and improvement of harbors opens markets for the products of the regions benefited. The temporary stoppage of these works would necessitate the breaking up of the organization which is being perfected for designing, supervising, and administering the construction of these works. The Philippine government would lose a number of engineers whom it has been at considerable expense to bring here and train in the proper handling of their work.

For this reason it is believed to be of supreme importance that the government have the power to borrow money in order to carry on public works and not suffer the disadvantages, as above set forth, in the lean years which are to be expected before the stimulus which is certain to come from the free trade increases our revenues to a point which will enable us to undertake public works once again. The government has recently completed the sale of the last of the \$5,000,000 bonds authorized by the act of Congress approved February 6, 1905, for public works in the Philippine Islands, and the Commission respectfully requests that Congress be asked to pass an act authorizing the sale of an additional \$5,000,000 of bonds upon the same terms and conditions as the previous ones were offered. It is expected that these bonds will be sold year by year enough to carry on the works of such vital importance as will easily justify the incurring of the annual interest charge involved.

The most important and urgent public works now in sight are:

1. The improvement of the port of Manila.
2. The extension of irrigation systems, which are likely to save very severe losses from drought and possibly famine.
3. The construction of necessary roads and bridges.
4. The improvement of other ports than Manila and the construction of wharves for the economical handling of freight in the islands.
5. The construction of a suitable building for the conduct of the Philippine government and for the Philippine Legislature and the courts.
6. The continuance of the work of boring artesian wells, which has been found to be essential to proper sanitary development.

One special argument in favor of granting this request lies in the fact that the provinces have been stimulated in the past three years to special efforts and sacrifices for the construction and maintenance of roads by reason of annual appropriations granted by the insular government conditioned upon a considerable appropriation and continued effort on the part of the provinces. It is feared that if the finances of the insular government are such that this annual assistance is withdrawn that it may result in a very disastrous cessation of the

work now being carried on in the provinces. There is a great deal of justice also in the argument that where the benefits are permanent and the greater part of them accrue to the future generations, it is only fair that the cost of such improvements should be met in part at least by them.

Under the provisions of Act No. 1729, the insular treasurer, with the approval of the Governor-General, is charged with the duty of investing moneys pertaining to sinking funds and other trust funds of the insular government, and under the provisions of Act No. 1493, the Postal Savings Bank investment board has the duty of investing the funds of the Postal Savings Bank.

One of the most profitable fields of investment, both for the bank and for the benefit of the islands, lies in the matter of loans to municipalities and provinces for public works which in themselves would be immediately productive of revenue.

There are a great many crying necessities for such works throughout the islands, and the funds of the government are not sufficient to supply all of them. Under the existing law the provinces are not authorized to incur any indebtedness, and municipalities are authorized to do so only under certain conditions and for certain purposes, which render it difficult of application to these particular cases.

It is hoped that Congress will pass a law authorizing the issue of these funds for these particular purposes. This recommendation has been included in the annual report of the Commission for the last two years.

The qualifications for electors for Delegates to the Philippine Assembly are less strict than those which govern the qualifications of electors for municipal elections, and the qualifications for holding positions as Delegate are stricter than those prescribed for holding the position of municipal officer. It is believed that no good reason exists for any distinction in this matter and that the qualifications should be the same for electors whether to vote for municipal, provincial, or insular officers. It is respectfully recommended that necessary legislation be enacted to accomplish this end.

As yet the government has not succeeded in getting the ownership of the land occupied by the great mass of the Filipino people registered in the names of the people who are properly entitled to it. Neither have the Filipino people availed themselves of the opportunity to homestead very much of the land.

It is respectfully suggested that a law be enacted authorizing the homesteading of 50 hectares instead of 16, which is the present limit, and also providing that people who have occupied land for five years previous to the year 1912, or who have cultivated the land for three years prior to the filing of petition, may receive their titles from

the government under the proper restrictions and conditions so as to protect the interests of the government and to assure that they are the proper people to receive the title to the land. It is also recommended that the amount allowed to be sold or conveyed to corporations or associations of persons be increased from 1,024 hectares, the present limit, to 6,000 hectares.

Our recommendations, therefore, may be summed up briefly as follows:

First. That if Congress is willing to assist so as to expedite the accomplishment of our ends in the Philippine Islands, an annual appropriation of \$2,000,000 be given to be added to the present insular appropriation for education.

Second. That authority be granted for the sale by the Philippine government of \$5,000,000 worth of additional public-works bonds on the same terms as the preceding ones.

Third. That a law be passed changing the term for which Delegates to the Philippine Assembly hold office to two years succeeding October 1 instead of two years succeeding January 1, as at present.

Fourth. That the amount of land which may be acquired, owned, and used for agricultural purposes in the Philippine Islands by any individual or corporation be extended to 6,000 hectares.

Fifth. That the law in regard to mining be amended in order to admit the filing of more than one mining claim upon a lode by the same individual or corporation to facilitate their taking up claims for placer mines or mines under the water, and to extend the time for development of coal claims to three years.

Sixth. That Congress provide a means by which naturalization may be accomplished in the Philippine Islands, either by passing a naturalization law itself or authorizing the Philippine Legislature to deal with the matter.

Seventh. That a law be passed authorizing the treasurer of the Philippine Islands, with the approval of the Governor-General and the Postal Savings Bank investment board, to make loans to provinces and municipalities.

Eighth. That section 7, congressional act, July 1, 1902, be amended to provide that qualifications of electors in election of Assembly Delegates shall be the same as those now or hereafter required for municipal electors by Philippine laws, and that no person shall be eligible to election as Assembly Delegate unless he has qualifications prescribed by law for municipal officers, is resident of his election district, owes allegiance to the United States, and is 25 years of age.

Ninth. That the amount of land allowed to be taken up by any one person under the homestead law be increased from 16 to 50 hectares; that the amount that individuals may purchase from the

government be increased to 500 hectares; and that the amount allowed to be sold or conveyed to corporations or associations of persons be increased from 1,024 hectares to 6,000 hectares.

Tenth. That provision be made for the government to give free titles under proper restrictions to people who have been in undisputed occupation of land for five years previous to the year 1912.

Respectfully submitted.

W. CAMERON FORBES,
Acting President.

DEAN C. WORCESTER,
By W. CAMERON FORBES,
JOSE R. DE LUZURIAGA,
GREGORIO ARANETA,
NEWTON W. GILBERT,
By W. CAMERON FORBES,
RAFAEL PALMA,
JUAN SUMULONG,
FRANK A. BRANAGAN,

Commissioners.

To the honorable the SECRETARY OF WAR,
Washington, D. C.

REPORT OF THE GOVERNOR-GENERAL.

REPORT OF THE GOVERNOR-GENERAL.

MANILA, *October 30, 1909.*

GENTLEMEN: I have the honor to present to the Philippine Commission the following report of the Governor-General. This report is for the fiscal year 1909, which terminated June 30, except as otherwise stated.

On May 7 Governor-General James F. Smith, having been granted leave of absence for six months, departed for the United States and the undersigned assumed the duties of this office, as acting governor-general, on that date. Therefore, during more than ten months of the period covered by this report, Governor-General Smith personally performed the duties of the office, and as acting governor-general I have generally continued his policies.

INSULAR FINANCES.

The insular government began the year with ₱3,491,000 available for appropriation. There was an additional surplus of ₱8,738,000 which had been appropriated but had not yet been spent. A large part of this was for public works. The receipts for the year were ₱22,739,000, an increase of ₱940,000 over the preceding year. This increase came from the increase in the collections of customs duties, there having been a falling off of ₱173,000 in internal revenue. Expenditures during the year amounted to ₱23,337,000, of which ₱3,998,000 were expended for the construction of public works out of the current revenues. The surplus available for appropriation at the end of the year was ₱2,370,000, or a decrease of ₱1,121,000 from the amount available at the close of the preceding year. One million pesos of this was the capital laid aside for the Agricultural Bank. There were ₱7,958,000 of surplus appropriated but not spent, of which the greater part was for public works. As such large appropriations have been made for public works to be paid for out of current revenues, it was believed advisable to increase the amount for general purposes and use the power granted by Congress for the sale of bonds to pay for the public works. Appropriations for construction of permanent improvements from current revenues amounting to a total of ₱3,000,000 were repealed and provision made for the sale of ₱3,000,000 worth of bonds, these constructions

to be made from the money thus received. This has resulted since the close of the fiscal year in adding ₱3,000,000 to the available surplus, which gives us ₱5,370,000 for surplus. Expenses are roughly grouped as ₱16,725,000 for bureaus and offices, which represents the current expenses of running the government, an increase of ₱326,000 over the previous year; an increase of ₱240,000 in miscellaneous expenses; a decrease of ₱811,000 in fixed charges, due in measure to the fact that the friar lands are earning money over expenses toward the interest and sinking funds; and an increase of ₱2,938,000 in the amount expended for public works from current revenues. This was due to the fact that the organization for expending money on the construction of roads and bridges was completed, but will not be effective until during the coming year.

In the main it can be said that the finances of the government are in satisfactory condition. The revenues are ample for the government as at present carried out, and the government is able to undertake public improvements from current revenues each year. There are many enterprises, however, most desirable which the government is at present unable to undertake for lack of funds, which seem to be almost necessary. These can be advantageously grouped as follows:

1. Increasing the school appropriation to a point that will enable us to give an education to all children desiring one.

2. Establishment of provincial hospitals so as to place within the reach of the great mass of the Filipino people those alleviations from suffering which come from modern medicine and surgery; and especially the establishment of hospitals for the care of the tubercular patients.

3. Care of the insane.

4. Increase of the constabulary to push the maintenance of order and work of civilization further among the wild tribes, especially in northern Luzon and Mindanao.

5. More rapid development of public works, such as roads, bridges, and irrigation systems. These latter could be profitably cared for by authorization for additional sale of bonds.

CONDITIONS OF PUBLIC ORDER.

As secretary of commerce and police, the undersigned has discussed the occurrences of the year, in so far as concerns public order, in his review of the work of the bureau of constabulary, and it is not necessary to make mention thereof in this report further than to say that the peace conditions throughout the islands are entirely satisfactory. The only places where there have been any disturbances during the year are in the Moro Province, where there was a small mutiny in the constabulary, resulting in the death of one American

planter in the encounter that followed; a few expeditions of a punitive nature in the Lanao country, which have resulted in the breaking up of a hostile community of Moros; and the operations of a band of Moro pirates which, on July 4 last, was wholly broken up by the killing of the leader and most of his followers, on the island of Patian, in a most daring attack by detachments of United States troops, assisted by sailors from a gunboat of the United States Navy. There is no evidence of the existence of any active, organized band of criminals, and the occasional acts of violence against persons and property are limited to those which occur in the most civilized and well-ordered communities.

STRIKES.

In the course of the year there have been a number of strikes more or less general in their nature. There were two workingmen's unions organized and for a while it seemed as though the desire to strike had almost assumed the nature of an epidemic, as one after another of the large concerns doing business in Manila were either threatened with a strike or suffered one. The first strike was among the stevedores; the second a strike and boycott against the firm of Messrs. Castle Bros.—Wolf & Sons. Later followed a strike of the street railway employees, and of the Manila Railroad Company, and strikes in certain cigar factories. A study of the conditions under which these strikes were ordered reveals the fact that they were brought about more in compliance with orders of the leaders of the union than as a result of any crying demand for reform in the treatment of the laborers by the companies. In most instances the strikers returned to work without having gained the points for which they struck. There was a considerable loss to the community by the inconvenience resulting from the strikes and to the strikers themselves from loss of wages during the period of inactivity.

These strikes were accompanied by intimidations, scenes of violence, a number of assaults, and occasional threats of boycotts. On one occasion the president of the workingmen's union went beyond the limit set by law in the language used in one of his documents and was arrested, and sentenced by the court under a section of the penal code to four months' imprisonment for "threats," which sentence he served in full.

COMMERCE.

Since the end of the fiscal year, the passage of the Payne bill and Colton bill by Congress has resulted in an entirely new condition of affairs, earnest of a new era of prosperous development for the Philippine Islands. Even before the news of the passage of these laws signs were not lacking that the end of a long depression was at hand

and that the country was ready for an upward movement. Many Filipinos were somewhat inclined to look askance at the offer of free trade. Some were of the opinion that it would militate against their aspiration for ultimate independence, believing that the closer commercial tie would make a closer political tie and render the United States unwilling to relinquish any of the control now exercised. Others believed that the revenues derived from the collection of duties on articles imported from the United States were necessary for the maintenance of the insular government, and that the embarrassment of the finances of the government due to the loss of these revenues would be greater than the advantages to be gained from the stimulation of trade. The Assembly passed a vote opposing the passage of the Payne bill and asking their representatives in Washington to so express themselves to Congress; the Commission voted strongly in favor of the bill. It is believed that the beneficial results flowing from this legislation will very shortly silence any criticism which may have been current.

AGRICULTURAL CONDITIONS.

Agricultural conditions have continued to improve, as is seen by commercial statistics, which show that during the last (calendar) year the production of sugar was materially in excess of any previous year since 1898; of leaf tobacco, greater than in any previous year since 1898, with the exception of 1906, which was but slightly in excess; while the exports of copra show a marked increase over any year for which statistics are available. The quantity of hemp marketed was in excess of that of any previous year, but in the case of this, one of the principal agricultural products of the islands, there has been a continuance of low prices which has almost ruined those planters who persisted in devoting their exclusive or chief effort to its cultivation. Many hemp planters, however, as a result of its continued low price, are devoting their attention to rubber, copra, and other products which, by giving a diversity of resources, will serve to assure them in the future against failure because of a drop in the price of one commodity only. The passage of the Payne bill was immediately productive of a decided upward movement in sugar quotations and an unusual willingness on the part of local capital to invest in the cultivation of sugar.

DRAFT ANIMALS.

The price of work cattle has materially advanced as a result of the increased activity in the cultivation of sugar and by reason of continued losses from cattle disease in various parts of the archipelago, particularly in the island of Panay. Rinderpest continues its ravages in the provinces, and the remedies hitherto tried, although in themselves good, have not been applied with sufficient system to render

them effective, due in part to the inadequacy of the appropriation for the purpose. It is proposed to make a regular campaign against the rinderpest, and a series of measures is contemplated which should result in a practical elimination of this scourge from the islands. The amount of serum and the number of inoculators have been very greatly increased under the authority given the Governor-General to devote certain funds where, in his judgment, the public service most requires, and by means of greater system in inoculations, better organization in the method of ascertaining the appearance of rinderpest, and in provincial quarantine to insure against its introduction, and more rigid methods of inspection, together with a proposition to send enough men and serum to absolutely smother the disease wherever it appears, it is expected to accomplish great improvement in this particular.

LOCUSTS.

Locusts have appeared with disastrous effect in several of the provinces. Cavite, Panay, Negros, and Masbate have all been sufferers, and considerable numbers have been found in the provinces north of Manila also. Some provinces pay so much a cavan for dead locusts when brought in. The bureau of science is now making a study as to the best method of destroying the eggs, and it is proposed to offer a reward for the discovery of places where the eggs have been deposited. It is proposed that the constabulary guard such places until the local authorities exercise the power given them under the law, to compel every able-bodied person in the vicinity to fight the locusts. As soon as the plan to be followed is determined upon, the local officials will be called upon to use the most efficacious method of destroying them, either immediately before or immediately after they hatch. It is hoped in this way to considerably reduce the damage from locusts, although with the vast areas of unreclaimed and almost impenetrable jungle it is not to be expected that all egg deposits can be discovered.

ROAD CONSTRUCTION.

It is the intention of the Government to put especial emphasis on the matter of road construction and to insist on maintenance of roads by the proper officials as the sine qua non for holding office, and to reduce to a system the method of selecting the localities where road construction shall be undertaken, the type of construction, and the method of maintenance.

RAILROADS.

During the year the representatives of the Manila Railroad Company opened negotiations to have part of their system placed under the government guaranty, as it was believed that with the assistance which comes from such action by the government they could

more advantageously raise money for continued construction. As the government could not see its way clear to agree to guarantee interest on the bonds issued against the construction of lines already contracted for without any quid pro quo on the part of the railroad, an agreement was finally entered into between the Secretary of War, Hon. Luke E. Wright, on the one hand, and Horace L. Higgins, president of and representing the railroad company, on the other hand, by which the railroad company agreed to build a branch line of about 217 kilometers (135 miles), connecting the southern limit of the lines now contracted for, namely, the Lucena branch of the Manila Railroad, in Tayabas, with the line already contracted for in the province of Ambos Camarines, in the neighborhood of Nueva Caceres, thus unifying the whole system in the island of Luzon, instead of having, as had been previously planned, a detached line in the provinces of Ambos Camarines and Albay. The railroad company also agreed to construct a line connecting their terminals on the north side of the Pasig River with the new port on the south side of the river, and a branch to Baguio.

The whole system of the Manila Railroad Company was divided into two parts—the so-called “Northern Lines” being wholly without guaranty, and the so-called “Southern Lines” being under the terms of the act of Congress approved February 6, 1905, authorizing the guaranty of bonds of the railroad company by the insular government. Included in the Southern Lines, and under guaranty, were the Baguio branch, in the north, and the new port connection in Manila; the use of the general terminals and all general expenses to be divided between the two systems in proportion to wheelage. This excellent arrangement necessitated the passage of an act by the Philippine Legislature granting a concession, and such act was passed May 19, 1909 (Act No. 1905), receiving the unanimous affirmative vote of both houses of the Legislature. It is fortunate that the Philippine Assembly should have shown the good judgment of thus supporting a measure so vitally connected with prosperous development of the Philippine Islands.

During the year 66 kilometers (41 miles) of line was contracted for in Luzon, but pending the completion of the negotiations for the new concession, work was not pressed as rapidly as before. It is believed that with the assistance given by the new concession great strides may be expected in railroad construction in Luzon.

In the south the Philippine Railway Company has pushed to completion the required construction on the island of Cebu, having completed 95 kilometers (59 miles), but as yet they have not exercised the option to construct the line across the island from Carcar to Barili, which it is hoped will be undertaken in the near future as the existing lines become more prosperous.

On the island of Panay construction has gone along steadily, there having been completed 32.2 kilometers (20 miles) during the year, or a total of 64.4 kilometers (40 miles), leaving 52.6 kilometers (33 miles) to be completed through to the northern port of Capiz.

The time for the construction of the line to the port of Batan has been extended, as the railroad company, finding that the present business tributary to that line would not justify the expenditure of the money necessary for its construction, is not desirous of building it for the present.

Work has been held up also in Negros pending a little more development of the lines on Panay and Cebu. It is believed that under the stimulus given by the Payne bill the development of Negros will render the construction of a line certain in the near future.

MANILA HOTEL.

One of the crying needs of Manila has been the construction of a modern, first-rate hotel. Tourists proposing to come to Manila are almost always sure to be diverted from their intention before reaching here by the news, which they encounter all up and down the neighboring coasts, of the lack of suitable hotel accommodations in Manila. Realizing this need, Mr. D. H. Burnham, in laying out the plan for the future development of the City of Manila nearly five years ago, selected the most central and desirable site and designated it as the hotel site for the future city.

The preparation of this site involved reclaiming a section of land from the sea, which was done, and a lease offered of the site for hotel purposes. The land was advertised but no bids were received. Later a company desirous of constructing a first-rate hotel was organized and an arrangement was entered into by which they could secure the land, but they then found that the financial condition of the merchants of Manila was such that subscriptions could not be obtained for the amount of money necessary to put up the hotel. As these events demonstrated government aid to be necessary, the acting governor-general, of date May 11, 1909, entered into an agreement with the hotel company to invest ₱600,000 of the moneys laid aside for sinking-fund purposes in 4 per cent first-mortgage bonds on the hotel property, or two-thirds of the total cost of the hotel, provided the sum of ₱300,000 should have been paid into the treasury of the company and that the plans should be approved by the government. Thus assisted, the company was organized, the money raised, the government having arranged for the sale of the land to the company instead of the lease which had previously been proposed. The plans have now been approved, the contract for piles for the foundations has been let, and it is believed that the construction will be actively undertaken next month, and should be completed within a year.

There is ample security for the government in this venture, for in case of the failure of the hotel company as a company and the property as a hotel, the government has need of such buildings and can readily afford to take it over at the cost of the bonds for governmental purposes. It is believed, however, that the failure of the hotel as a hotel proposition under the circumstances under which it is undertaken is too remote to be seriously considered.

BAGUIO.

The government has spent ₱5,000,000 constructing a road to Baguio. Upon the completion of this road the criticism which had been showered upon it for the expenditure of so much money in its construction seemed to have the effect of discouraging any further expenditure toward the development of Baguio, with the result that the government was in the embarrassing position of having expended all this money for a road, and of having spent considerable sums each year for its maintenance, but of not having provided facilities for the use by the people of the summer resort thus opened up. The opening of the road has had the effect of facilitating the development of an extremely promising mining district. A number of gold mines have already been opened up, which are being profitably operated, and it is believed that Baguio as a mining center has a brilliant future. The number and importance of the mines already developed, however, would not yet in themselves justify the expenditure of the amount necessary to maintain the road, and the logic of the situation demanded a development of Baguio for purposes of providing a health resort not only for the use of people accustomed to temperate climes but also for the Filipinos themselves, as statistics taken by the bureau of lands has demonstrated that the stay in the mountains has been distinctly beneficial to the health of the Filipino employees who have gone up there.

The undersigned appointed a committee which very shortly prepared a plan for the transfer of the bureaus of the government to Baguio during the four hottest months in the year, namely, from February 15 to June 15. It is customary during the hot season to shorten the hours of office work in Manila, and the employees of the government are also allowed a considerable number of days each year of what is known as vacation leave, in order that they may recuperate from the heat, or any time taken away from the office by reason of illness may be subtracted from this leave. The committee proposed that the employees going to Baguio should be deprived of their vacation leave, except in case of illness. Calculation demonstrated that the value of the time saved the government would equal the loss of time in Manila plus the cost of transporting the employees to and from Baguio and the per diems paid while there.

Acting on the report of this committee the secretaries of the departments have made use of the new power granted to them by the Legislature of transferring money from current expenses to permanent improvements and have each allotted enough money to pay their proportion of the expense of construction of office buildings and quarters in Baguio. Accordingly, next year it is proposed to move almost all of the movable bureaux to Baguio and maintain the government at that capital during the hot season.

EXECUTIVE BUREAU.

For administrative purposes the office of the Governor-General, except his private secretary and aid-de-camp, is organized as the executive bureau and under the immediate charge of the executive secretary, whose report, attached hereto, reviews briefly the results of the year's work. Of the many and diverse subjects included within that report mention will be made of the progress of and recommendations regarding provincial governments. This bureau has general supervision of the administration of the provinces and municipalities, except so far as the provinces organized under the "special provincial government act" may report to the department of the interior. The provinces have now completed their second year under a government of which the majority are elected by the people, and it is fair to say that the results on the whole have proved the wisdom of the change. The provincial governors have shown interest and enthusiasm in promoting their provinces and have taken special interest in the development of public works, some of them entering into the problems incident to the improvement of means of transportation with enthusiasm, and the difficulty during the year seems to have been that we were not in position to give the financial and other assistance required by the provinces fast enough, as most of the provincial governors have come to realize the necessity of roads so very clearly that they can not bear to wait the number of years it will necessarily take owing to the great expense involved.

MOUNTAIN PROVINCE.

Among the non-Christians in northern Luzon there has been a very healthy development in turning the attention of the non-Christians to commerce and agriculture. The organization of the new Mountain Province under Governor Pack, with a corps of lieutenant-governors, has tended to centralize the control and bring about harmonious relations between the different administrations where before there were differences in their methods and rules. The activity shown by the administration under the enthusiastic leader-

ship of Commissioner Worcester has resulted in the opening up of many new trails, and with the opening of new trails the natives are taking to trade to a degree never before known in their history. It has resulted in furthering pleasant relations between tribes hitherto hostile and reducing the number of murders and intertribal struggles which have always existed among these peoples and which will take many years to eradicate. More constabulary are needed to assist in this work, but the finances of the government are not such as to justify any increase in expenditures of that sort at present.

THE MORO PROVINCE.

At the close of the fiscal year, and during the early part of July last, I personally inspected the Moro Province, visiting all of the districts except that of Davao, the leading residents of which I met at Zamboanga, where they were holding the annual convention of the Davao Planters' Association. I found that in the district of Dapitan cholera was causing almost a complete paralyzation of agriculture and commerce, and that in the district of Jolo, and in part of that of Zamboanga, the depredations committed by a band of Moro pirates had occasioned a continued suspension of pearl fishing and seriously interfered with all other lines of lawful activity. However, upon my arrival at Zamboanga and during the popular celebration of the Fourth of July, dispatches were received from Jolo announcing the extermination of the leaders of these outlaws, and at the time of writing this report practically every member of the band has been killed or is in custody awaiting trial for his crimes. In the districts of Cotabato and Lanao I found agricultural conditions materially better than I understand them to have been for several years past. I was informed by the Davao planters that notwithstanding the low price of hemp, their district would be in a reasonably satisfactory condition were a solution found for their labor problem. The local supply of labor in Davao is principally wild mountain people, who, although pacific and not indisposed to labor on the plantations, are insufficient in numbers and not sensible of necessities which cause them to be inclined to continued labor. As a result of my conference with these planters, efforts were made, to which the Moro government officials lent their cooperation, to secure from Cebu at least a portion of the laborers required. However, notwithstanding the excess of population of that island, the laborers of Cebu, either because of representations made by local employers of labor and others interested, or for other reasons, failed to respond and this effort to secure laborers was unsuccessful. I am now informed, however, that efforts to secure laborers from Luzon and Bohol have been successful, and this difficulty, which has threatened to cause the abandonment of

some of the plantations in the Davao district, seems in a fair way to be overcome.

Under the peculiar organization of the Moro Province, by which not only the office of provincial governor, but also those of district governors and municipal presidents, are filled by army officers, there has occurred a continuing change of the personnel in all these important positions which has militated against efficient administration. It is a matter of great difficulty to determine just what policy should be pursued in handling the Moros. The system to which they are accustomed has been feudal, the common people living in a state bearing upon serfdom and rendering blind allegiance to a few chiefs, known as *datos*, who in return have given them protection and means of living. This is directly contrary to the system which the American Government is trying to inaugurate—that of freedom of the individual, with protection by the government. The period of change from one system to another is necessarily a period of more or less disorder, and furthermore, the method of changing is also a matter of considerable difficulty, as if the power of the *datos* is broken up the control over the common people disappears; if it is not broken, the rights of the individual are sure to be trampled upon, and if the *datos* are used as the instruments of effecting the change they are called upon to do something which is inimical to their own interests.

It is fortunate that in the governor of the Moro Province a man as experienced and capable as General Pershing has been secured, who will devote his attention for the next few years to the solution of this problem.

I am not in accord with the recommendations contained in the provincial governor's report for this year regarding a change in the political status of the Moro Province.

CITY OF MANILA.

The operation of the government of the City of Manila during the past year has continued without notable change, the distinguishing feature having been a decided advance in the permanent betterment of sanitary conditions.

The new water supply of the City of Manila has been in greatest part completed during the period covered by this report, the only important item of construction remaining being that of the dam, which will be completed in the near future. The supply from the new storage basin was turned in on November 12, 1908, and on February 5, 1909, the new system was turned over by the construction office to the office of water supply and sewers for operation.

The sewerage system was virtually completed at the end of May, 1909, and the work of making house connections with it has begun.

There have, therefore, been completed during the year what have been deemed the two great factors essential to the public health of the city, namely, an assured pure water supply and a modern and adequate sewer system.

Furthermore, a systematic effort has been made for the drainage of the low-lying areas within the city limits and the raising of these areas sufficiently above tide level. It is intended to use for this purpose the greater portion of the sum of ₱207,000 which was appropriated by Act No. 1750 of the Philippine Commission for the reimbursement of the City of Manila for expenditures made in the construction of walls along that portion of the river Pasig which subsequently was included within the port of Manila, the maintenance and regulation of which are insular functions.

Marked advance has been made during the year in the matter of permanent improvement, notably in paving streets in the principal retail district and the construction of permanent bridges of concrete and steel in lieu of inadequate or temporary structures.

Conditions as to public order have continued good in the City of Manila, the strike of the street railway employees, which was the most important occurrence of its kind, having terminated without any serious disturbance, the strikers, as well as all other elements, having conducted themselves in an orderly manner generally, although during several of the minor strikes there were some disorders in the way of assaults.

The Cavite boulevard, as provided in the Burnham plan for beautifying the city, is now under construction and will be pushed to completion as the available funds permit, there being now on hand enough for the completion of at least 1 mile of the necessary sea wall.

The election for the two elective members of the municipal board provided for in Act No. 1869 of the Legislature, amending the municipal charter, was held on August 11, 1908, and resulted in the election of one person who immediately took office and of one who was not qualified. The vacancy thus existing was later filled by the Governor-General in the manner provided by law.

ELECTIONS.

In the matter of local politics the situation throughout the provinces is of interest, as it indicates the progress of the Filipino people in the use of the ballot. On November 2, next, the second general election will be held for the purpose of selecting members of the Philippine Assembly, provincial governors, third members of provincial boards, municipal presidents, and one-half of the total number of municipal councilors in each municipality. While the complete returns can not be received until after the election, it seems

probable that the registration has been greater than that of any preceding election and that the vote cast will also be greater.

The executive secretary makes a strong plea in his report for an increase in the term of all elective officers from two to four years. His arguments are that the excitement attendant upon elections distracts people from their natural pursuits of industry and development in agriculture and on the part of the officers elected tends to promote interest in the political result of their actions rather than in the welfare of the people, as the first part of their service is performed in fulfilling election pledges and the latter part in building their fences for reelection. The executive secretary also recommends that elected officials should not be allowed to be candidates for reelection. I do not recommend the extension of this to Delegates of the Assembly, as it would mean a complete change in each Legislature, nor do I recommend that disqualification for reelection should extend over one term, so that a man having held an office for four years could not be reelected to the same office until another four years had elapsed.

It is my intention to call a convention of provincial governors shortly after the beginning of the next calendar year, to which this matter can be submitted for recommendation, as well as other matters of interest and importance to the provinces in their development.

BUREAU OF CIVIL SERVICE.

The report of the director of civil service contains a concise statement of the work performed by that bureau during the fiscal year and other pertinent matters, including recommendations of legislation that is deemed desirable. The latter contemplate modifications of existing laws regarding leaves of absence, fraud in connection with entrance to the service, and the solicitation of funds for political purposes by persons in the service from other officers or employees. I am inclined to the opinion that all of these recommendations, concerning, as they do, minor details rather than essentials, merit favorable consideration by the Legislature and will occasion but little, if any, discussion and consequent expenditure of time by either house. I shall direct the preparation of appropriate bills for submission to the Legislature at its next session.

The matter of making the service more attractive to Americans of a high class is always one that should be considered by the government, and the measure most calculated to accomplish this result is the establishment of a retirement fund for civil-service employees, so that men who have devoted their lives in satisfactory service in the islands may be assured of a competence in their declining years. The attention of the Legislature will be brought to this matter in the hope that some affirmative action may be taken by them in this respect.

The following table shows the number of Americans and Filipinos in the service, by years, from 1903 to 1909 (except for the year 1906, the figures for which are not available), and the salaries paid:

Year.	Officers and employees.			Salaries paid.			Average salaries.		
	Americans.	Filipinos.	Total.	Americans.	Filipinos.	Total.	Americans.	Filipinos.	Total.
1903.....	2,777	2,697	5,474	P7,236,700	P2,189,376	P9,426,076	P2,605.94	P811.76	P1,721.97
1904.....	3,228	3,377	6,605	8,663,720	2,932,834	11,596,554	2,693.92	868.48	1,755.72
1905.....	3,307	4,023	7,330	8,942,424	3,309,738	12,252,162	2,704.08	822.70	1,671.51
1907.....	2,616	3,902	6,518	7,869,242	3,234,494	11,103,736	3,008.12	828.93	1,703.55
1908.....	2,479	4,080	6,559	7,749,236	3,686,855	11,436,091	3,125.95	903.64	1,743.57
1909.....	2,659	4,397	7,056	8,576,962	4,018,988	12,595,950	3,225.63	914.03	1,785.14

The figures for this year reveal the fact that the progress made in increasing the proportion of Filipino employees is not satisfactory. This is largely attributable to the fact that the great increase in the activity of the bureau of public works, incidental to the expenditure of the money received from the double cedula tax and the beginning of work in connection with irrigation, has resulted in bringing from the United States a large number of American engineers to undertake this work. This has been absolutely necessary, as there are no Filipinos trained to undertake this work. Some other bureaus in which the American personnel has increased had no such excuse, and the directors of these bureaus will have the fact impressed upon them that the government will continue the policy of gradually and steadily increasing the proportion of Filipino employees, and will place them as fast as practicable in the more important positions. Where, by reason of lack of training, Filipinos can not be found for work as important for their welfare as is the whole field of civil engineering and construction of public works, it is believed that the government should see that measures are taken toward training Filipinos for this work, which, in the matter of surveyors, is now being done in the bureau of lands, and in the matter of doctors in the Philippine Medical School, and it is believed that the Philippine University should establish a school of engineering to lay the foundation for a body of Filipino engineers to gradually take over the work now being done by Americans. It is not believed advisable, however, to discharge competent and faithful Americans to make room for Filipinos, as that is unjust to the Americans who have come out here and is wholly unnecessary to accomplish the object sought, as the vacancies which occur in the natural course of events are ample to accomplish this end. To render this effort successful, however, the Filipinos themselves must come forward and offer themselves for these careers. An effort was made to open a school of veterinary science, and the Filipino applicants for admission to this school numbered 7,

whereas the applicants for admission to a school of fine arts, which it was proposed to open, numbered over 600. There must be practical cooperation with the efforts of the government on behalf of the natives if the Filipinization of the service is to go on as rapidly as it is our desire and intention that it should.

BUREAU OF AUDITS.

Under authority to be found in the appropriation bill enacted June 19, 1908, arrangements were entered into with Messrs. Haskins and Sells, of New York, to make a complete examination and report upon the accounting system of the insular government. Mr. Elija W. Sells, one of the partners in the firm, with one of his principal assistants, reached Manila December 21, 1908, and made a thorough and careful examination of the system of accounting which had been adopted for the insular government, together with a number of valuable and pertinent suggestions for the improvement of the service.

Mr. Sells's report gives a gratifying account of the merit system which has been adopted by the insular government. He also makes the following comment in regard to the personnel, which can not fail to be gratifying, coming from one whose business has been to investigate the administration of so many first-class corporations and a number of municipal and other governments:

The character of the personnel, however, is conspicuous and has an important relation to the accounts as well as the administration of the government; directors of bureaus, chiefs of divisions and clerks, are all deeply interested in their work. They show a fitness for their respective undertakings and express interest in and welcome changes that are calculated to simplify the work, reducing the red tape, without removing any of the safeguards, and increasing the efficiency. They are energetic, enterprising, and enthusiastically devoted to their respective undertakings. The spirit and animation shown is unlike that found in government, state, and municipal officers usually, and compares favorably with that in corporate and private affairs.

In the system of accounting the following general characteristics are to be found, some of which have been in operation since the beginning, some of recent development. Books are kept upon a modern double-entry system. Each bureau keeps an account of the value of the property with which it is intrusted, as in regular corporation practice. Expenses are divided into operation and maintenance. Each bureau carries a stock of supplies on hand and has a reimbursable supply account of a certain fixed amount, which must always be present in cash or supplies. Articles withdrawn for use are charged out as used, the credit being available for purchases of additional supplies to replenish the stores.

Interbureau or intergovernmental accounts are handled by what is known as interbureau vouchers, the bureau paying the bill by signing a form, which is merely an order for a transfer on the books of the government of the sum necessary to settle its account with

the other bureau. Government indebtedness is paid by means of combined check and voucher, and the old, senseless system of requiring a receipted bill to be sent in before the money could be paid out has been done away with. The fact that receipts had to be signed and parted with as a government requirement before any possibility of the cash being paid over robbed the voucher of any possible value, as it did not prove payment.

Each bureau pays for every kind of service which it receives from other bureaus, unless that service is of a general nature and lies in the proper governmental functions of the bureau performing it. For example, each bureau has to pay for whatever land transportation it receives in the City of Manila from the general city stables and whatever water transportation it gets from the bureau of navigation, the postal and telegraph service, etc., but as the constabulary is charged with the duty of maintaining order, there is no interbureau voucher for protection of life or property on the part of the constabulary, even though the service was rendered on behalf of another bureau. For example, the constabulary will assist the bureau of health in maintaining quarantine and prevent a disturbance as the result of the quarantine, without charge.

Every voucher is now preaudited before payment. This does not relieve the responsible officer in case fraud or malfeasance is discovered, but tends to expedite the government business.

I can not close this report without expressing my appreciation of the excellence of the personnel, both American and Filipino, of the officials and employees of the insular government. The work is being done smoothly, rapidly, and well. The employees seem to have caught a spirit which prevails throughout the service of a desire to see the work expeditiously and efficiently performed, not so much for the salary's sake as for the work's sake. The record of overtime shown in the report of the director of civil service indicates that the men work by the job and not by the clock, and my experience with the government service in the Philippine Islands and commercial service in the United States indicates that whatever else may have been accomplished by the American administration out here, there is no doubt but that the government has instilled a spirit into the service of hard, intelligent, and efficient work on the part of the employees.

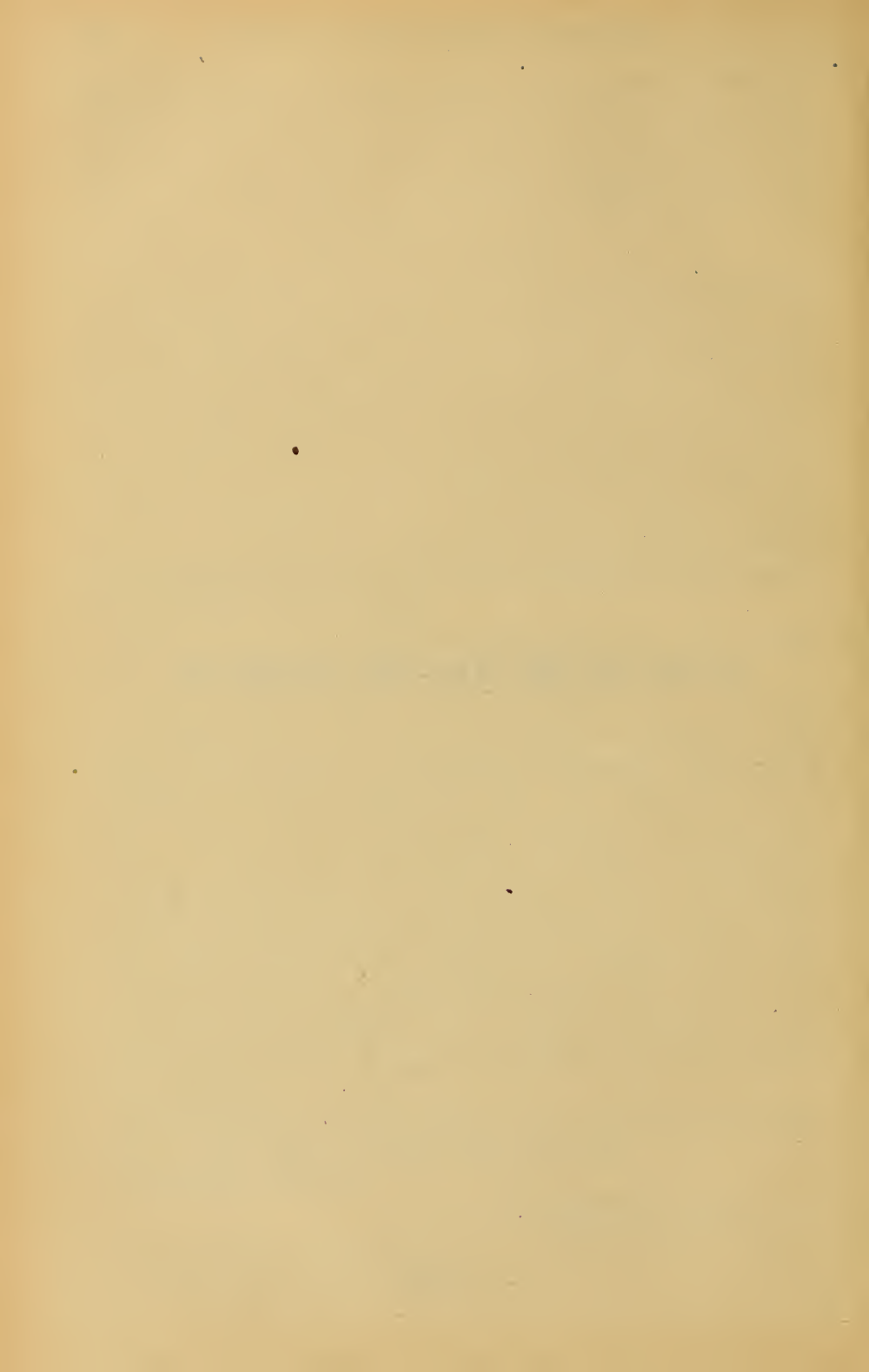
There have been no notable instances during the year of embezzlement or other crimes on the part of the personnel.

Respectfully submitted.

W. CAMERON FORBES,
Acting Governor-General.

To the PHILIPPINE COMMISSION,
Manila, P. I.

REPORT OF THE EXECUTIVE SECRETARY.



REPORT OF THE EXECUTIVE SECRETARY.

THE GOVERNMENT OF THE PHILIPPINE ISLANDS,
EXECUTIVE BUREAU,
Manila, July 20, 1909.

SIR: I have the honor to submit herewith the following report of the executive bureau for the year ended June 30, 1909.

LEGISLATION ENACTED BY THE FIRST PHILIPPINE LEGISLATURE, SECOND SESSION, AFFECTING THE EXECUTIVE BUREAU.

By Act No. 1955, the appropriation act for current expenses of the insular government for the fiscal year, two special agents at ₱8,500 per annum each were authorized for the executive bureau, in lieu of one at ₱8,000 per annum, this change being deemed of importance in order to provide for the more efficient discharge of the important duties of inspection and supervisory control exercised by the Governor-General directly, and through the executive bureau, over all branches of the insular, provincial, and municipal governments.

There has been enacted during the year no legislation materially changing the duties or jurisdiction of the executive bureau.

EXTRADITION PROCEEDINGS.

During the year proceedings have been instituted for the extradition from foreign countries of four persons who were charged with having committed crimes while in the Philippine Islands, and two of these have been arrested and returned to Manila for trial. One request was received from a foreign government for the extradition of a criminal reported to be in the Philippine Islands; arrest followed promptly and the accused was surrendered to the representatives of the government interested.

PARDONS.

The pardon committee, originally appointed by executive order No. 24, dated May 1, 1906, and whose personnel has been changed from time to time as the needs of the service and the movement of its members required, has continued its work of investigating the cases of prisoners convicted of bandolerismo, sedition, and insurrection, prior to the constitution of the committee, and such other cases as have been referred to it by the Governor-General. It has completed the investigation of and submitted its recommendations in 1,230 cases, and some 170 cases, practically all from Samar, are now under investigation or awaiting the action of the committee.

Early in the present calendar year the clerical force which had theretofore handled the work of the pardon committee was disbanded, and since that time the investigation of bandolerismo cases, the preparation of same for the consideration of the committee and for submission to the Governor-General, the preparation of the final action on the petitions, and the reports of the committee have been accomplished by the clerks of the bureau charged with the regular pardon work.

During the fiscal year 1,087 petitions for pardons were received, and 980 petitions were disposed of in cases other than those handled by the committee. The petitions in a number of the cases disposed of were received during the preceding fiscal year. Four hundred and twenty-nine cases are under investigation or awaiting final action.

Statistics of the work are shown in the following table:

Petitions received.....	1,087
Full pardons granted.....	4
Remissions of sentences.....	107
Commutations of sentences.....	38
Parole issued.....	1
Denials.....	510
Deaths of prisoners before final action on petitions.....	17
Expirations of sentences before final action on petitions.....	29
Petitions filed without submission to the Governor-General.....	237
Petitions referred to the military authorities (crimes committed in violation of the laws of war).....	7
Petitions referred to the municipal board, Manila (violations of municipal ordinances).....	7
Cases referred to the committee on pardons by direction of the Governor-General.....	23
Petitions pending decision, investigation completed.....	227
Cases under investigation.....	202

The one parole granted was in favor of a leper prisoner, and was conditioned upon his remaining at the Culion leper colony. The sentence in this case was afterwards remitted upon the same condition. Under the heading "petitions filed without submission" are included cases in which a pardon had previously been definitely denied, cases in which the brevity of the sentence precluded the possibility of investigation before the expiration of the sentence, cases in which pardon had been denied but a short time before the receipt of the second petition, and cases which had been handled by the pardon committee and action taken on the recommendation made.

PASSPORTS.

There were issued during the past year 133 passports to citizens of the United States and 45 to those of the Philippine Islands.

CABLEGRAMS.

During the year 507 cablegrams were sent and 368 were received, from which 6,131 official excerpts were furnished to other bureaus and to individuals.

TRANSPORTATION.

In addition to the contracts heretofore existing between this government and trans-Pacific steamship companies, an agreement has been entered into with a commercial line by which persons entitled to

the government rate are furnished transportation to New York via the Suez Canal for \$175, lower rates being offered for children.

During the year transportation to the United States was secured for 760 persons, 680 adults and 80 children. Of this number, 262 adults and 28 children traveled by commercial liners and the others by army transports. Transportation on army transports was also secured from Manila to Nagasaki for 28 adults and 1 child, from Manila to Honolulu for 1 adult, and from Nagasaki to San Francisco for 3 adults and 1 child.

CONTRACTS FOR GOVERNMENT ADVERTISING.

The contracts made with the four daily newspapers, as set forth in my last report, under the terms of which each of these newspapers receives the sum of ₱500 monthly for such official advertising as may be sent them through this office, exclusive of notices of the court of land registration and notices relative to litigation in the courts, continued in force during the year.

ELECTIONS.

During the fiscal year there have been 21 special elections held in 9 provinces and the City of Manila, 2 having been for Delegates to the Philippine Assembly, 1 for third member of a provincial board, 3 for municipal presidents, 4 for vice-presidents, and 11 for councilors. Of the 21 special elections, 19 were necessary because of the election to office of persons ineligible thereto, resulting in their declining the same or in their offices being declared vacant; 1 was held under Act No. 1869, which increased the municipal board of the City of Manila by adding thereto 2 elective members, and the other election was necessary to fill a vacancy in the Assembly caused by the appointment of one of its members as a member of the Philippine Commission.

The following table gives detailed data in regard to the special elections:

Provinces.	Provincial.		Municipal.			Delegates to the Philippine Assembly.	Total.	Grand total.
	Governors.	Third members.	Presidents.	Vice-presidents.	Councilors.			
Ambos Camarines.....					2		2	
Antique.....					1		1	
Batangas.....					1		1	
Bohol.....		1	1	1			3	
Cavite.....						1	1	
Cebu.....				1	2		3	
Iloilo.....					1		1	
Manila.....					2	1	3	
Sorsogon.....			1	2			3	
Surigao.....			1		2		3	
Total.....		1	3	4	11	2	21	21

APPOINTMENTS.

The Governor-General made 963 appointments during the fiscal year, 434 of which were justices or auxiliary justices of the peace. Of these, 24 were made necessary by resignations tendered in order that the officials might run for elective offices. The following table gives these statistics in full:

	Appoint- ments by Governor- General and the Commis- sion.	Appoint- ments and designa- tions by Governor- General only.	Declina- tions.	Resigna- tions.	Removals.	Deaths.
Insular officers, including judges.....	52	48	.....	9	1	.....
Provincial officers.....	34	36	.....	14	.....	2
City of Manila.....	9	11	.....	1	.....	.....
Municipal officers.....	.....	339	4	.....	84	80
Justices of the peace.....	189	.....	12	101	24	12
Auxiliary justices of the peace.....	245	.....	33	155	12	9
Total.....	529	434	49	280	121	103

REMOVALS.

There were investigated during the fiscal year formal charges against 6 provincial officials, 2 of whom were governors, 1 a third member of a provincial board, 1 a lieutenant-governor, 1 a fiscal, and 1 a district health officer. The latter was removed from office, the 2 governors were reprimanded, the lieutenant-governor and the fiscal were required to resign, and the third member is still suspended pending decision by the supreme court on an appeal from a decision of the court of first instance finding him guilty of a violation of section 31 of Act No. 1761, the opium law, and sentencing him to six months' imprisonment and to pay a fine of ₱300 and the costs of the proceedings.

There were charges against 310 municipal officials and justices of the peace, of whom 223 were found guilty. As a result of investigations, 46 of these were removed and 92 were removed and disqualified.

The terms of disqualification vary from permanent disqualification in the aggravated cases, where moral turpitude is shown, to one which carries beyond the next election, imposed on officials who have abused their authority. The following table shows in detail the number of municipal officials and justices removed, cases tried, those found guilty or not guilty, and action taken in each case:

Disposition, etc.	Pres- idents.	Vice- pres- idents.	Secre- taries.	Treas- urers.	Coun- cillors.	Jus- tices of the peace.	Auxil- iary jus- tices.	Clerk of court.	Chiefs of police.	Ser- geant of police.	Corpo- rals of police.	Police- men.	Health inspec- tor.	Lieu- tenant of barrio.	Total.	Grand total.
Cases tried:																
Officers suspended previous to trial.....	45	11	3	4	97	19	5				2	13	1		206	
Officers not suspended previous to trial.....	19	7	1		36	22	13	1	6			3		1	104	
Total.....	64	18	4	4	133	41	18	1	6	1	2	16	1	1	310	310
Action taken:																
Found guilty—																
Removed and disqualified from holding office under Act No. 1126, as amended by Act No. 1682.....	12	8	1	3	34	16	9		3	1		8	1		92	
Removed.....	7	1			18	8	7				1	4			46	
Resignation required or accepted.....	1					9	2		1						13	
Reprimanded or disciplined.....	23	2	1	1	37	4	2					1		1	72	
Total.....	43	11	2	4	89	37	16		4	1	1	13	1	1	223	223
Found not guilty—																
Reinstated or continued in office.....	15	4	1		34	2	1		2		1				69	
Charges dismissed.....	6	3	1		10	2	1	1							27	
Total.....	21	7	2		44	4	2	1	2		1	3			87	87
Filed without action by Governor-General.																
Total number of cases disposed of.....	64	1	1		3						2	3			11	
		18	4	4	133	41	18	1	6	1	2	16	1	1	310	
Grand total.....	65	19	5	4	136	41	18	1	6	1	4	19	1	1	321	321

The foregoing table shows the nature and result of the 569 different charges brought against the 310 officers covered by the next preceding table. As one officer is sometimes charged in the same case with several different offenses and found guilty of some and innocent of others, the totals of the two tables can not agree. Neglect of duty continues to be the most common failing, there having been 258 charges of neglect; violations of law, election, and executive orders following with 70, and abuse of position is third with 64.

At the close of the fiscal year there were 47 cases pending before the provincial boards, 6 before judges of first instance, and 70 in this office.

NEW LEGISLATION AFFECTING PROVINCIAL AND MUNICIPAL GOVERNMENTS.

The following are the most important of the acts, affecting provincial and municipal governments, enacted by the Legislature during the past year.

By Act No. 1876 a province to be known as the Mountain Province was created, comprising as subprovinces the province of Benguet; the subprovinces of Amburayan, Lepanto, and Bontoc, which theretofore had constituted the province of Lepanto-Bontoc; and the subprovinces of Ifugao, Kalinga, and Apayao, which had formed parts of the provinces of Cagayan, La Union, and Nueva Vizcaya. By this act there was transferred to the province of Nueva Vizcaya from Isabela all of the territory inhabited by Ilongots or Ibilaos (non-Christians) embraced in the former Spanish comandancia of Binatangan. The capital of the Mountain Province was fixed at Bontoc and lieutenant-governors were provided for each of the subprovinces. The provisions of the "special provincial government act," and "the township government act," were made applicable to the Mountain Province and its subprovinces, and to its townships, respectively. The jurisdiction of the executive bureau in regard to the Mountain Province is similar to that exercised over other provinces organized under the "special provincial government act."

By Act No. 1890 the Governor-General was authorized to convey or lease to provincial and municipal governments certain real property of the insular government, the purpose of this act being to permit a transfer of title to provincial and municipal governments of the real estate occupied and required by such governments for public purposes, such as office buildings, prisons, schoolhouses, plazas, et cetera. This legislation was rendered necessary by reason of judicial decisions of the courts understood to be to the effect that, under the Spanish régime in these islands, neither provincial nor municipal governments were vested with the title to public lands or other real property used by them, such title being in the central government of these islands at the time of the passing of Spanish sovereignty. As the organic acts under which provincial and municipal governments are now operating confer upon such governments the power to acquire real property and hold the same, this additional legislation was necessary, not only in order to carry out the purposes of such organic acts, but also in order to fix more clearly responsibility for the maintenance and preservation of public buildings and the integrity of areas now occupied or held for future occupation for public purposes, and

that a means be provided by which title could be conveyed expeditiously to the respective provinces and municipalities actually in possession of and using such real estate.

By Act No. 1952 there was created the province of Batanes, comprising all the islands of the Philippine Archipelago situated north of the Balintang Channel, with the provincial capital at Santo Domingo de Basco. The organization is essentially that provided by the special provincial government act, and the township government act is applicable to the local governments. The lawful expenses of the province in excess of its revenues are made a charge against the insular treasury. While the inhabitants of the islands constituting the province of Batanes do not come in the category of non-Christians, yet experience has demonstrated the impracticability of their being governed as a part of the province of Cagayan, owing to their geographical location and the impossibility of maintaining the necessary communication with the mainland of Luzon, the intervening waters being almost constantly swept by strong winds which render navigation dangerous to any except ocean-going vessels, which are not ordinarily available.

PROVINCIAL AND MUNICIPAL AFFAIRS.

In an increasing degree the attention of the executive bureau has been directed to provincial and municipal administration, the policy being to exercise the supervisory control required by law in such a manner as to develop and encourage local initiative and standardize administrative methods and practices.

The period covered by this report includes the first six months of the closing year of the terms of office of the present provincial governors and municipal presidents. The term of office under existing law is two years, a period altogether too short for efficient administration. The first year is spent in becoming familiar with the duties of office, and there is a great temptation to spend the second and last year in paving the way, politically, for reelection. Also during the first year of office, whether the official has assumed his position for the first time, or by reelection, the temptation necessarily is great to pay political debts by official favors. It is most encouraging to note that a large number of elective officials have demonstrated strength of character and civic virtue by the discharge of their duties without distinguishing between those who were their political supporters and adversaries. It is hardly fair, however, to place officials in so extremely trying positions as are provincial and municipal elective officers at present, and the experience of past years, viewed from a wholly impartial standpoint, is in entire accord with what seems to be a popular demand that the term of office of these officials be extended to four years and that reelection be not permitted.

Especial effort has been made during the past year by this office to give merited attention to the review of the minutes of provincial boards, duplicate copies of which are promptly transmitted to this office after approval by the boards, and similar review is had by provincial boards of municipal ordinances, certified copies of which are required by law to be forwarded to such boards within a specified time. By this method illegal and unwise legislation has been prevented to a great degree and a closer touch maintained between correlated entities.

The general improvement in all branches of provincial and municipal effort which was noted in the last annual report appears to have continued during the year, and although there is much still to be desired, yet it is felt that a fair review of the work of the year, compared with that of previous years, must be admitted by all to be encouraging. This is particularly true if the standards by which judgment is had be the practical ones of results actually obtained by governments in other parts of the world rather than ideals which as yet have not been attained in any country.

The entire period since the inauguration of civil government in 1901, which began with its inheritance of the results naturally following years of revolt against the constituted government, with the consequent prostration of agriculture, commerce, and industry, has been a period during which pestilence in some form has seldom, if ever, been absent from at least a portion of the archipelago. Under these conditions, and practically without roads and bridges or other material means of facilitating commerce and the development of the resources of the islands, with the consequent extremely limited financial means at the disposal of this government, economic rehabilitation has been slow to begin and, beginning, slow to gather headway.

The continued and increasing assurance of public order, the very general readjustment to the new conditions occasioned by the loss of the greater portion of the work cattle, and the excellent prices received for some months past for sugar, tobacco, and copra, have infused new life and a notably different spirit into all classes interested in the restoration of agriculture and those industries more closely allied to it. The continued low price of hemp, while preventing to a degree, in the districts where that product is the chief source of wealth, the improvement just mentioned, has not, however, occasioned so complete prostration as would have been the case had it occurred in the earlier years, when it would have coincided with the general agricultural depression. The necessity for cheaper methods of producing the fiber has given greater impetus to the improvement of machinery; greater attention has been given to the seriously neglected matter of the classification of fiber, and the tendency to plant excessively large areas with this crop has been checked. With the inclination to resume agricultural work and the disposition to contend with the pests to which the agriculturists had formerly almost surrendered, came the desire to purchase animals and machinery and to secure other means necessary again to bring the fields under cultivation. To meet this, practically all available funds at the disposal of the government for the construction of public works throughout the provinces were expended during the year, thus putting in circulation large sums of money and meeting, to a degree, the need for ready cash in the hands of small proprietors who for obvious reasons are unable to secure loans at reasonable rates from any source.

That the revival of agriculture is a reality is demonstrated by the greatly increased demand for work cattle, which has obtained during the past six months to such a degree that shipments of such cattle brought in from foreign countries are ordinarily sold within twenty-four hours after arrival, and importers are unable to meet the demand. Furthermore, the movement of work cattle from the few provinces in which an excess is found to those provinces where the supply has been reduced by disease is relatively greater than at any previous time since American occupation.

The extension of railways has given a great impetus to the culture of rice by opening up territory which formerly was so inaccessible as to render it unprofitable to raise rice in excess of local needs, and, as has already been stated, the increased prices of sugar and tobacco, due to the opening of the United States markets to these products, and the continuing good price for copra, have resulted in a materially increased extension of cultivated land areas.

With the greater facilities which are now assured for combating rinderpest and the confidence in continued remunerative prices for several of the more important agricultural products, the economic situation can not be considered other than the most encouraging at any time existing since the beginning of the present government.

Among the important problems which urge immediate solution particular mention must be made of the locust plague. In so sparsely inhabited a country as the Philippines, and in one where both atmospheric and climatic conditions during practically the entire year seem especially favorable to the propagation of this pest, it is seriously doubted if it be possible to secure material relief by combating this enemy with the means at present used—i. e., the killing of the insects by what may be termed "main strength." It is essential that science come again to the aid of the agriculturists, either by discovering some fatal contagious disease with which these insects may be infected, or some other destructive agent not requiring the presence practically everywhere of laborers, who must at least be subsisted, and of implements and materials expensive to purchase and to transport. So important is the solution of this problem that the assertion is ventured that he who solves it will go down in the history of this country as one of its great benefactors.

FINANCIAL CONDITION OF PROVINCIAL GOVERNMENTS.

The revenue of provincial governments for the fiscal year 1909 amounted to ₱5,828,146.42, and the miscellaneous receipts amounted to ₱487,302.01. The corresponding amounts for the year 1908 were ₱4,442,557.61 and ₱375,691.81, respectively. In the foregoing figures are included the revenues and miscellaneous receipts of the Moro Province and provinces organized under the special provincial government act, as well as of the regularly organized or "Christian" provinces.

From the cedula tax provincial governments received ₱2,404,440.50 during the fiscal year, an increase of ₱179,560.50 over the amount received from the same tax the preceding year. This increase is due principally to the adoption of the increased cedula tax by all provinces but one. By Act No. 1695 those provinces accepting the provisions of the act increasing the cedula tax rate from ₱1 to ₱2 received an additional 10 per cent of the internal revenue. The total additional internal revenue so accruing to those provinces, and to the provinces organized under the special provincial government act, by reason of the road tax imposed in those provinces under Act No. 1396, amounted to ₱743,434.48.

The total amount available during the past fiscal year for roads and bridges, with the exception of loans from the insular government for special projects, is shown in the table following. The insular allotment of ₱1,000,000 was set aside by the secretary of commerce

and police, from the sum appropriated in Act No. 1837, for distribution among those provinces which accepted the additional cedula tax and guaranteed a continuing system of road maintenance.

Additional cedula tax.....	₱1,521,680.70
Additional 10 per cent internal revenue.....	743,434.48
Insular allotment.....	1,000,000.00
Miscellaneous.....	16,557.92
Land tax accruing to road and bridge fund.....	332,704.00
Cart tax accruing to road and bridge fund.....	16,050.56
Road tax, Act No. 1396, in special provinces.....	47,581.00
Transfers from provincial general funds.....	47,560.77
Transfers from township and settlement funds.....	34,955.67
Total.....	3,760,525.10

The period for the collection of the 1908 land tax without penalty was extended until September 30, 1908, and the collections in most provinces of taxes delinquent from previous years were unusually good. From this source was derived in great part the increase in the total revenues for the fiscal year 1909.

The land-tax collections made in 1908 were the first under the revaluation of 1906, and many taxpayers, not having ascertained the assessments on their property under the revaluation before going to pay their taxes, found the valuations excessive in their opinions, and, having failed to file their protests within the time fixed by law, were debarred from appeal in so far as the current taxes were concerned. To relieve these taxpayers, Act No. 1943, providing for a credit of excess taxes paid on unjust or erroneous valuations subsequently reduced more than 25 per cent, was enacted by the Legislature, the credit so allowed to be applied to the payment of future land taxes due or to become due.

The change made in the system of filing and recording the land-tax declarations and collecting and accounting for the taxes has fully met expectations, the initial saving on the new assessment being about a quarter of a million pesos as compared with the cost of the old assessment. The annual saving due to the improved method of collecting and accounting for the tax and keeping the delinquent record up to date is estimated at ₱100,000.

The Governor-General is vested with power under the provisions of Act No. 1713 to remit the land tax in whole or in part in any province in his discretion. Remissions of the entire tax and partial remissions were requested and granted as follows:

Province.	Percentage remitted.
Ambos Camarines.....	$\frac{1}{2}$ of 1 per cent for calendar years 1908 and 1909.
Capiz.....	$\frac{1}{2}$ of 1 per cent for calendar year 1909.
Cebu.....	All for calendar year 1908.
Ilocos Norte.....	$\frac{1}{2}$ of 1 per cent for calendar years 1908 and 1909.
Iloilo.....	All for calendar year 1908.
Oriental Negros.....	$\frac{1}{2}$ of 1 per cent for calendar year 1909.
Pampanga.....	$\frac{1}{2}$ of 1 per cent for calendar years 1908 and 1909.

The balance of provincial funds on hand July 1, 1908, amounted to ₱2,585,336.27, which, taken with the revenues and miscellaneous receipts, gave a total of ₱8,900,784.70 available for expenditure as compared with ₱6,318,869.64 available for that purpose during the fiscal year 1908.

During the year disbursements for compensation and traveling expenses of officials and employees amounted to ₱1,683,654.84, for permanent equipment ₱492,516.70, and for material and services in the construction and maintenance of public works ₱3,099,035.44. Expenditures under these heads during 1908 amounted to ₱1,596,385.93, ₱234,162.86, and ₱1,154,309.01, respectively. Of the amount expended for public works, ₱2,510,274.67 were for roads and bridges, and the remainder for public buildings, wharves, and telephone lines. The amount expended for roads and bridges during the preceding year was ₱964,301.11.

The total expenditure by provincial governments during the year amounted to ₱6,260,163.03. The balance on hand June 30, 1909, was ₱2,640,621.67. During the preceding year the total expenditures amounted to ₱3,733,533.37.

The policy of requiring provincial treasurers to carry as large a portion as possible of their current balances as interest-bearing deposits in commercial banks, rather than to allow such funds to lie idle in the vaults in their own offices or in the insular treasury, has continued, and the amount of such deposits was increased from ₱2,493,050 on June 30, 1908, to ₱2,925,500 on June 30, 1909, the average amount so deposited during the year being ₱2,938,216.66, the interest earnings amounting to ₱80,953.53. Aside from the additional revenue derived, the throwing of the deposited funds into the channels of commerce has been accomplished. Great care is taken to prevent the unnecessary hoarding of public funds for the mere sake of securing this interest revenue, as it is recognized that every centavo available for appropriation and expenditure for public works and permanent improvements should be so expended at this time when the economic condition of the country so urgently demands it.

FINANCIAL CONDITION OF MUNICIPAL GOVERNMENTS.

The revenues accruing to municipal governments, except those of the City of Manila, which are not considered in this report, continue inadequate to meet their needs. The municipal fiscal year is the calendar year, although the insular and provincial fiscal years begin on July 1. The total revenues and receipts of municipalities for general-fund account from all sources during the year ending December 31, 1908, were ₱4,358,000.57, or an average, based upon the number of municipalities at the close of the year, of ₱5,897.15, as compared with ₱3,991,206.47, or an average of ₱5,693.57, accruing to the general-fund account during the preceding year. The increase is largely due to the imposition of the land tax, and also to greater activity on the part of municipal officials in the development of local revenues.

On January 1, 1908, there was a balance on hand of ₱1,001,765.99, which, with receipts amounting to ₱4,358,000.57, gave a total of ₱5,359,766.56 available for municipal purposes during the calendar year. The balance on hand in the general-fund account of municipalities on January 1, 1907, was ₱1,090,317.21, which, with the receipts, gave a total of ₱5,081,523.68 available for expenditure during that year. In addition to the general-fund account, there were available in 1908 the special funds destined exclusively to schools, amounting to ₱2,280,941.33, and to cemeteries, ₱41,762.89. The

balances reported for December 31, 1908, were: General-fund account, ₱1,257,991.12; school fund, ₱1,021,852.53; cemetery fund, ₱30,508.60. Transfers were made during the year from general funds of ₱174,797.38 to school-fund account, as compared with ₱184,296.03 so transferred during 1907, and ₱2,019.71 from the cemetery fund to the general fund, as compared with ₱3,784.77 from the general fund to the cemetery fund in 1907.

Salaries and maintenance of police are still the chief items of municipal expense after schools. However, an economy of ₱57,852.06 was effected in the cost of municipal police, ₱948,832.84 having been expended during 1908 under this head, as compared with ₱1,006,684.90 expended during 1907. Municipal governments expended for public works during 1908 ₱606,801.93, as compared with ₱582,502.66 during 1907; and for construction, repair, and improvement to municipal school buildings during 1908, ₱123,960.80, as compared with ₱178,331.55 for the same purposes during 1907. The expense of salaries of administrative officers and employees, exclusive of police, amounted to ₱1,495,605.10 during 1908, as compared with ₱1,533,914.92 expended for the same purposes during 1907.

LOANS TO PROVINCIAL AND MUNICIPAL GOVERNMENTS.

The policy of loaning insular funds, subject by law to investment by the Governor-General, to provincial and municipal governments for the construction of bridges, municipal markets, public buildings, and analogous works has been continued with highly satisfactory results. The essentials of this policy are stated in the last annual report, and it seems necessary here to add only the statement that these loans have, as a rule, been limited to five years and in amount to not to exceed 50 per cent of the annual revenue of the borrowing province or municipality; even in exceptional cases the limit of 75 per cent has not been exceeded. All safeguards have been thrown about these loans and the policy is in every respect a very conservative one from the standpoint of the investor.

On June 30, 1909, there were outstanding loans from insular funds to provincial governments to the amount of ₱371,500, and to municipal governments to the amount of ₱165,250.

PUBLIC WORKS.

While the subject of public works will be treated in full detail by the bureau of public works in its report, it is proper that mention be made here of the fact that the policy now governing that bureau, under the direction of the secretary of commerce and police, has brought system out of chaos.

Whereas roads constructed or reconstructed prior to the adoption of the present policy were speedily lost through either following unsuitable specifications in construction or subsequent neglect in maintenance, or both, there is no longer to be noted such deplorable waste. With standard specifications and review of project estimates in the Manila office before execution, and the continuing maintenance system, the provinces and municipalities during more than a year past have seen gradually develop, with increasing excellence, well-selected road systems within their jurisdictions. As a natural result there has come a popular demand and enthusiasm for

good roads and a general conviction that the present system, evolved from local experience as well as from that of other governments, is deserving of support. This general feeling has been manifested by the adoption of increased taxation for continuing road work in every province except one, in which, due to lack of personnel, the bureau of public works was unable to get work under way until near the close of the year.

Municipal governments, practically without exception, are anxious to add to the extension of good roads by contributing from their funds, but in the majority of cases it is quite impossible for them to do so because of their scant revenues and the expense of maintaining their schools and local administrative burdens.

During the year office buildings, constructed of reenforced concrete, have been completed by the provincial governments of Albay, La Laguna, Pampanga, Rizal, and Tayabas. These structures are of the most enduring type and afford adequate space for all insular and provincial offices at the capitals of the provinces named, with the exception of the constabulary, the requirements of which demand separate buildings. There are under construction, or reconstruction, similar buildings in Ambos Camarines, Cagayan, Iloilo, Isabela, and Tarlac.

There have been completed during the year 68 municipal buildings and 114 municipal markets and slaughterhouses.

Adequate and modern provincial jails are now under construction, or will be begun during the ensuing year, in Iloilo, Pampanga, Tayabas, and probably in some of the other provinces which are not yet provided with suitable structures.

The progress during the year in the construction of provincial and municipal school buildings will doubtless be stated in detail in the report of the bureau of education, and it is not made the subject of comment in this report.

The highly satisfactory results obtained by drilling artesian wells during the past two years have created a general and insistent demand from provincial and municipal governments, as well as from the bureau of health, for such improvements. In some provinces artesian water is found so near the surface of the ground as to permit the use of hand or animal power apparatus for drilling wells, and in those districts provincial and municipal governments and private parties have been encouraged to open wells on and at their own initiative and expense. In the greater part of the archipelago it is necessary to use steam-power drilling apparatus and this is carried on by the bureau of public works or under its supervision. In order that all available machinery may be used to advantage during the coming year, arrangement is being made to augment the insular appropriation of ₱100,000 by approximately ₱50,000, to be contributed by provincial and municipal governments and private parties, the contributions being on the basis of one-third of the actual cost of completed projects. Statistics of results obtained during the year will be found in the report of the bureau of public works.

The public telephone service outside of the City of Manila is maintained by provincial governments under the supervision and control of the bureau of posts, charge being made by the provinces to municipalities and others for whom offices are established. There appears to have been some improvement in the telephone service during the

year, but there is believed to be opportunity for considerable reduction in the cost of maintenance. Aside from its convenience and value to private persons, the provincial telephone service is of prime official importance not only from a police standpoint but more especially because it affords the means for expeditious and satisfactory consultation of municipal officials with their provincial authorities on urgent administrative questions which frequently arise.

CREATION OF NEW MUNICIPALITIES.

During the past year 17 new municipalities have been created by separation from other municipalities. Almost without exception these newly created municipalities had at some previous time enjoyed the status of independent local governments, but because of lack of revenue had been fused with adjoining municipalities. In these, and in many other cases, petitions had been received praying for constitution as separate municipalities, and after careful investigation it was deemed in these instances that changed conditions warranted favorable action and the same was had by executive orders as provided by law. The policy in this regard is to grant separate municipal organization to a district when it appears (1) that geographic conditions render it unduly difficult or expensive for a considerable number of its inhabitants to reach the seat of municipal government, and (2) that the revenues of the proposed newly constituted municipality will be sufficient to meet in a fairly satisfactory degree the requirements of the public service.

NATIONALITY OF OFFICIAL PERSONNEL.

PROVINCIAL GOVERNMENTS.

The following table shows the number by nationalities of provincial officials in office on June 30, 1909:

Provincial officers.	Filipinos.	Americans.	Total.
Governors.....	31	6	37
Lieutenant-governors.....	7	9	16
Secretaries.....	1	1	2
Secretary-treasurers.....	2	2	4
Treasurers.....	7	26	33
Supervisors.....	.....	1	1
Supervisor-treasurers.....	.....	1	1
Fiscals.....	24	1	25
Third members of provincial boards.....	30	.....	30
Total.....	102	47	149

Provinces organized under Act No. 83.....	31
Provinces organized otherwise.....	7
Total number of provinces.....	38

Percentage of total.

Filipinos.....	68.46
Americans.....	31.54

MUNICIPAL GOVERNMENTS.

The number of municipalities, townships, and settlements in existence on June 30, 1909, as well as the number of municipal and township officers, is shown in the following table:

Municipal and township officers.	Filipinos.	Americans.	Total.
Presidents.....	755	7	762
Vice-Presidents.....	760	2	762
Secretaries.....	639		639
Treasurers.....	639		639
Secretary-treasurers.....	123		123
Councilors.....	6,944	14	6,958
Justices of the peace.....	639	10	649
Auxiliary justices of the peace.....	594	1	595
Notaries public (appointed by the courts, and including Manila).....	1,182	47	1,229
Total.....	12,275	81	12,356

Municipalities.....	685
Townships.....	77
Settlements.....	243
Total.....	1,005

Percentage of total.

Filipinos.....	99.34
Americans.....	.66

The percentage of Americans holding municipal offices continues to decrease. Last year it was sixty-nine one-hundredths of 1 per cent; this year it is sixty-six one-hundredths.

OFFICIAL GAZETTE.

The Official Gazette is published under the supervision and at the expense of the executive bureau, the editing and compiling being performed by the reporter of the supreme court, and the printing and mailing by the bureau of printing. A flat rate of ₱12,000 per annum has been agreed upon as the annual payment to the office of the reporter of the supreme court for the work there performed, and that amount is transferred from the annual appropriation for the executive bureau to the appropriation for the Judiciary, from which the expenses of the office of the reporter are payable. The charge by the bureau of printing for its work in connection with the Gazette is according to its official scale of prices. During the year the net cost to the executive bureau for both English and Spanish editions of the Gazette was ₱11,595.88, as compared with ₱25,011.07 for the preceding year, the reduction being due to a substantial increase in the number of paid subscriptions and to the fact that reimbursement was made to this office by the bureau of justice for copies furnished justices of the peace.

PUBLIC DOCUMENTS.

Public documents from the Government at Washington and other sources, as well as the acts and other publications of the Philippine Legislature, executive orders and proclamations by the Governor-General, were received and distributed by the executive bureau

during the past year, as in previous years. One million fifty-five thousand four hundred and eighty printed documents were turned over to the mailing section of the records division for dispatch, a slight decrease as compared with the preceding year. There remained on hand on June 30, 1909, in the document rooms, a total of 1,213,726 printed documents of all kinds.

DIVISION OF LEGISLATIVE RECORDS.

Under the provisions of Act No. 1679 the secretary of the Commission acts also as chief of the division of legislative records, created by that act for the custody of the records of the Legislature, of which the executive secretary is by law custodian. The report of the secretary of the Commission contains a comprehensive résumé of the work of the Legislature.

DIVISION OF ARCHIVES, PATENTS, COPYRIGHTS, AND TRADE-MARKS.

This important division, for several years an independent bureau, is now under the immediate charge of the second assistant executive secretary. Attention is particularly invited to the recommendation that further legislation be had regarding the registration of copyrights, registration and protection of trade-marks, and the method of making payment for capital stock of new corporations.

TRANSLATING DIVISION.

During the past year the translations made by this division into English, Spanish, French, German, and other European languages and local dialects amounted to 24,584 folios, as compared with 21,890 for the preceding year. The division also reviewed a total of 5,202 different issues of newspapers, reviews, and bulletins.

Interpreters were furnished by this division for meetings of the joint legislative committee and for the irrigation committee.

RECORDS DIVISION.

There were received by this division during the year 130,568 written communications for record, a material increase over last year. The mailing section of this division, which dispatches not only correspondence passing through the records division, but printed documents and publications as well, mailed a total of 1,155,943 written and printed documents of all classes.

During the year there has been completed the installation in the fireproof vaults of all the more important permanent records of the Commission, the offices of the Governor-General, secretaries of departments, and the executive bureau.

BUREAU PERSONNEL.

The vacancy which existed on June 30, 1908, in the position of assistant executive secretary was filled on May 11, 1909, by the promotion of Mr. Thomas Cary Welch from chief of the law division; and the position of second assistant executive secretary was filled on the same date by the promotion of Mr. Manuel de Yriarte from

chief of the division of archives, patents, copyrights, and trademarks.

The additional position of special agent authorized by the general appropriation bill was filled by the transfer of Mr. William T. Nolt-ing, assistant director of posts.

Including minor positions, there have been 66 appointments, including reinstatements and transfers to the bureau, and 54 separations from the bureau by removal, resignation, and transfer during the year, resulting in a net increase of 12, or from a total of 140 to 152 officials and employees, comprising 35 Americans and 117 Filipinos, a decrease of two in the number of Americans and an increase of 14 in the number of Filipinos.

The monthly salary roll at the beginning of the year was ₱21,776.54 and at the close of the year ₱22,050.78.

Notwithstanding the adoption of all approved labor-saving devices and methods which seemed worthy of consideration, it was only by the performance of a great amount of work outside of regular office hours that the business of the bureau was kept nearly current during the year. While many lines of work devolving upon the bureau which were new at the beginning of the year became routine, and therefore called for less attention from the higher salaried members of the force, yet so large an amount of work of a new character developed as to increase rather than diminish the demand upon the time of officers and higher employees. This continued to such a degree as to prevent the executive secretary and his assistants from making inspections of provincial and municipal governments which the interests of the service have demanded. However, the filling of the vacancies in the assistant positions near the end of the fiscal year will allow representatives of the bureau to take up this very important work during the coming year.

While it has been impossible under the appropriation bill and governmental policy to grant promotions to certain deserving employees, there has been noted no lack of cheerful and enthusiastic effort on the part of the entire personnel of the bureau in the performance of duty, however burdensome and uninteresting it may have been. The change of more than one-third of the force during the year, while unavoidable, has been and is something to be deplored from the standpoint of economy of effort in training.

CONCLUSION.

To the Bureau of Insular Affairs at Washington this bureau is deeply indebted for the prompt dispatch of countless matters of interest and importance to this government in the United States and Europe. The prompt and careful attention invariably given such matters by that office merits most grateful acknowledgment.

Respectfully submitted.

F. W. CARPENTER,
Executive Secretary.

The GOVERNOR-GENERAL,
Manila, P. I.

REPORT OF THE SECRETARY OF THE INTERIOR.

REPORT OF THE SECRETARY OF THE INTERIOR.

DEPARTMENT OF THE INTERIOR,
Manila, P. I., October 20, 1909.

GENTLEMEN: I have the honor to present the eighth annual report of the operations of the department of the interior, which, unless otherwise expressly stated, covers the year ended June 30, 1909.

BUREAU OF HEALTH.

SUMMARY STATEMENT OF GENERAL CONDITIONS.

Continued careful observation and study of vital statistics has led the director of health to the deliberate conclusion that those who observe a few simple rules in the Philippines have greater certainty of remaining in good health in these islands than they would have in any ordinary temperate region. These rules have been reduced to their lowest terms by the director of health and are so simple, yet at the same time so important, that I quote them:

1. Be vaccinated to-day. The bureau of health will do it free of charge.
2. Never drink any water unless it has been either boiled or distilled, or eat any raw vegetables. If you observe this rule carefully you will probably never contract dysentery, typhoid fever, cholera, or any other disease that originates in the intestines. Disregard of this rule is responsible for the returning to the United States of over 50 per cent of the invalids who leave these islands.
3. Fruit is wholesome, and may generally be eaten raw with impunity, provided it is of a kind that grows upon trees well above the ground.
4. Avoid patent medicines. "Do not put drugs of which you know nothing into bodies of which you know less."
5. Alcoholic stimulants are not necessary, the advice of the "old resident" to the contrary notwithstanding.
6. Generally disease carrying mosquitoes fly only at night; therefore always sleep under a good mosquito net.
7. Otherwise observe the same hygienic rules that are applicable to temperate climates, including physical exercise.

The Surgeon-General's report for 1908 states that "The death rate among troops in the continental United States was 5.63, in the Philippines it was 6.92, and in Porto Rico 14.18." Attention is further called to the fact that in the cases of deaths from tuberculosis, amounting to 0.85, the disease may in many cases have been contracted in the United States. The death rate among all government employees, Americans and Filipinos, has been 8.62 to the thousand. What better proof could there be that persons in these islands who order their lives with reasonable care are likely to enjoy good health.

Great advances have been made in the construction of sanitary improvements and in the development of public-health work during the year. The new gravity water system for Manila is now in full operation, and the nightmare of the possibility of general infection of the water supply with cholera, which so long terrified us, is now a thing of the past. Arrangements are in progress for removing all the very limited number of persons inhabiting the watershed of the

new system. The new sanitary sewer system of the city has been ready for use since May. These two great improvements are of fundamental importance to the sanitation of the City of Manila, and their completion will place Manila in the front rank of oriental cities in the matter of water supply and sewage disposal.

The capacity of the Culion leper colony has been increased to 1,900. At least one collection of lepers, as complete as possible, has been made from every province in the islands, save Nueva Ecija and the Moro Province, and most of the provinces are now nearly or quite free from this disease. A modern hospital of reinforced concrete has been completed at Culion. The total number of lepers in the islands is at present 2,273, a reduction of 435 over last year. An excellent spirit prevails among the lepers at this colony, many of whom are displaying an interest in cultivation of the soil and in the establishment of small groups of houses at some distance from the colony. The great improvement which has taken place in many cases from the use of the X ray, or from the use of crude chaulmoogra oil, has undoubtedly been a source of encouragement to the victims of this disease.

The new hospital at Baguio, with excellent accommodations for 44 patients, has been in successful operation practically throughout the year. Three hundred and forty-two indoor patients and 1,760 outpatients have been treated with very satisfactory results. One of the government automobiles, running over the Benguet road, has been fitted for conversion into an ambulance, and persons who are quite seriously ill may now be safely and expeditiously transferred to Baguio, where they can have the benefit of a delightful and stimulating climate. When trains run on time, persons leaving Manila at 6.20 a. m. arrive at Baguio by 5.30 or 6 p. m.

The modern reinforced concrete hospital at Bilibid, with capacity for 376 patients, was ready for use in February.

The Philippine General Hospital buildings are rapidly nearing completion, and should be ready for occupancy by January 1, 1910. This hospital will be the most modern in the Tropics and one of the best of its kind in the world.

Hookworm commissions have worked at Taytay and Las Piñas.

The most important sanitary improvement in the provinces has been the sinking of some 80 artesian wells. The surface water of the Philippines is uniformly unsuitable for drinking purposes. The water obtained from artesian wells is enormously better, and in many cases is excellent.

SANITATION OF THE CITY OF MANILA.

With regret I am obliged to record the fact that until near the end of the fiscal year there was little general improvement in the sanitary condition of the City of Manila, except that directly due to the completion of the new water and sewer systems, the latter costing some ₱3,300,000. There was apparently little disposition on the part of the municipal board to open streets into the congested nipa districts, so that the removal of night soil and refuse might be possible, or to provide the necessary main drains in low-lying areas so that private owners could be compelled to connect therewith and place their property in decent sanitary condition. The attitude of

the municipal authorities in the matter of providing main surface drains on the San Lazaro estate had amounted to little less than defiance of the expressed wishes of the Governor-General, and in the end they were practically compelled by that official to inaugurate an experimental system of main surface drains which was so successful that it was extended to almost the entire estate.

More than 3,000 persons were actually transferred from insanitary to sanitary sites during the year.

As the result of a carelessly prepared legal opinion emanating from the attorney-general's office, written by some one who was evidently not aware of the existence of certain provisions of law relative to the draining of lowlands, the municipal authorities found temporary support in their policy of inaction, and the undersigned with reluctance found it necessary to make known to the public the attitude of the municipal authorities by publishing a part of the official correspondence on these subjects, and to inaugurate an active fight for better things. The result has been all that could be hoped for. The new city engineer is cooperating, to the full extent of his power, with the director of health in improving the conditions above mentioned. These two officials have collaborated on a plan for the establishment of sanitary blocks for the poor of those districts of the city whose inhabitants must be evicted from their present homes before the latter can be placed in decent sanitary condition, and the Acting Governor-General has made available some ₱200,000 for the carrying out of this and other important sanitary projects.

The municipal board now displays entire willingness to cooperate with the bureau of health, to the end that the cemetery and building ordinances may be made more effective. The alcalde of the City of Manila, who is at the same time the committee on sanitation of the municipal board, is taking especial interest in all problems bearing upon the sanitary improvement of the City of Manila, and steady and rapid improvement in many of the remaining insanitary districts may be confidently anticipated during the coming year. It now seems not unreasonable to expect that most of the remaining insanitary districts will, within a comparatively short time, be brought up to the high standard at present maintained throughout so large a part of the City of Manila.

FREE DISPENSARY SERVICE.

Seven free dispensaries have been maintained in Manila during the year. In addition, the bureau of health has supplied all medicines and dressings for the dispensary of the Philippine Medical School, at which 17,415 patients were treated, as well as the majority of the medicines and medical supplies used at the university hospital, and at the Mary J. Johnston Hospital dispensary. Liberal allowances of medicines have been furnished to missionary priests working in remote and inaccessible regions, and an immense amount of avoidable human suffering has thus been relieved.

CEMETERIES.

Reference has been made in several previous reports to the deplorable conditions which have prevailed in many of the public cemeteries, and their injurious effect upon public health. As a result of

the operation of the new cemetery law, and of the hearty cooperation which the officers of the bureau of health have almost invariably received from representatives of the Roman Catholic Church, there has been steady and reasonably rapid improvement in these conditions throughout the year.

CHOLERA.

The facts with regard to the prevalence of cholera during the year are fully set forth in the report entitled "A History of Asiatic Cholera in the Philippine Islands," to which reference has heretofore been made, and in the appendix thereto, which was published later than the report itself.

Unfortunately, there was great exaggeration of the seriousness of the cholera situation not only by the press of the islands but by that of other countries as well. It was stated that cholera had not prevailed in Spanish days to the same extent as during the period subsequent to American occupation; that the bureau of health had been grossly unprepared to meet the epidemic; that the director of health had caused to be returned to the insular treasury a large sum which should have been used in combating the disease; that the management of the San Lazaro contagious disease hospitals was incompetent; that, by direction of the Governor-General, cholera had been allowed to run its course in the provinces in order to teach the Filipinos a costly lesson; and that both in the provinces and in the city of Manila the bureau of health was failing to discharge the duties imposed upon it by law.

Feeling ran particularly high on account of the prospective arrival of the United States battle ship fleet, and the probable effect of the presence of cholera in Manila on the programme which had been arranged for welcoming and entertaining the officers and men. The public demanded a statement and an explanation of the facts. I felt that they were justly entitled to such statement and explanation and, indeed, that these would be helpful, as most of the statements relative to the situation, which had been so widely circulated, were either entirely untrue or grossly exaggerated.

The report gave statistics never previously published, showing the dreadful conditions which prevailed during the Spanish régime, for which I was indebted to Archbishop Harty and two other high church authorities and to two physicians who were formerly medical officers of the Spanish Government in these islands. It further gave the most accurate statistics available for each subsequent epidemic and, with its appendix, summarized the practical results of my own experience in dealing with cholera from which health officers serving in the Tropics ought to derive considerable benefit. The report further set forth fully, without evasion or concealment, the difficulties arising from political complications which the bureau of health and the secretary of the interior had been compelled to face, as well as the lamentable failure of many of the municipal officers of Manila to perform their duty when its performance necessarily involved temporary unpopularity, as it did in this case.

Under the arrangement which at present exists the director of health determines what measures should be taken for improving the sanitary condition of Manila; but the actual work must, under the law, be performed by the municipal authorities. It is clear that, if

the latter refuse or fail to do their share, an impossible situation is created, and as there had been such failure and in some instances such refusal on their part, extending over a considerable period, and as all possible means to remedy this situation short of dismissal from office seemed to have been exhausted by the Governor-General, I deemed it my duty to make the facts known to the public and to force the issue relative to the appointment or continuance in office of incompetent health officers, and the failure of the municipal authorities of Manila to perform the duties imposed on them by law.

The report was published for the purpose of ending, once for all, misapprehension as to the facts relative to the existence and spread of cholera in the Philippine Islands, and clearly pointing out the causes of the main difficulties which were at that time confronting us, as well as for the purpose of giving others an opportunity to benefit by our experience. It is believed that it went far toward accomplishing these results.

The director of health has correctly summarized our knowledge by saying that the cholera question in the Philippine Islands presents much the same problem as does the typhoid fever question in America and Europe. It has been repeatedly demonstrated here that cholera can be promptly controlled if the necessary trained men and disinfectants are available, and that persons who are willing to take a few simple precautions are in no danger of contracting it. A reasonably steady diminution in the annual deaths due to this disease should therefore be brought about. Its complete eradication from the islands is perhaps hardly to be hoped for in the immediate future. In the event that the efforts being made by so many skilled scientists in countries which suffer greatly from typhoid should result in discovering satisfactory means for the elimination of that disease there can be little doubt that the same or similar means would suffice to eliminate cholera from the Philippines.

HEALTH WORK IN THE PROVINCES AND MUNICIPALITIES.

Health work in a large majority of the municipalities of the islands is in a very unsatisfactory state and must so remain until the Philippine Medical School and the San José Medical College have trained a very much larger number of competent Filipino physicians and until the physicians so trained shall have established themselves in the provincial municipalities. So long as a municipality is without a single medical practitioner it is idle to expect that its health conditions will improve rapidly.

A vigorous effort has been made to improve the quality and increase the amount of work performed by district health officers. One such officer has been removed from the service for cause during the year, and the resignation of one other has been accepted. In many of the provinces, especially in those which are very short of practicing physicians or lack them altogether, there is a very strong demand that district health officers should spend their time in looking after sick individuals instead of devoting it to the improvement of sanitary conditions in general, but it is evident that the need for more and better medical and surgical attendance can not be met in this way.

PROVINCIAL HOSPITALS NEEDED.

In my opinion, now that adequate provision has been made for a general hospital at the City of Manila, provincial hospitals should be established as promptly as possible where most needed. Heretofore ordinary considerations of humanity have almost compelled many provincial health officers to convert their own houses into temporary hospitals for the care of persons imperatively in need of medical or surgical attendance. Such an arrangement must obviously be most unsatisfactory to all concerned. It has been contended by many Filipino physicians that the people of the provinces were indisposed to seek medical and surgical assistance, but this contention has been negatived for all time by the occurrences at Taytay and Las Piñas, where, after a little experience with the beneficial results of the treatment furnished by the medical staff, the people simply flocked in to avail themselves of the opportunity thus offered.

At Taytay there were treated no less than 1,122 persons during a period of three months, while at Las Piñas the number was 4,038 during a period of two months.

HOOKWORM DISEASE.

The prevalence of cholera prevented the inauguration of the contemplated serious campaign against hookworm disease. Careful investigations were, however, carried out at several points in the provinces to determine its prevalence. At Taytay, which has a clay soil, only 10 per cent of the persons examined had hookworms. At Las Piñas 12.3 per cent of those examined, and at Parañaque 15 per cent of those examined, were found to be infected with these parasites.

CURE OF THE OPIUM HABIT.

The number of persons treated at San Lazaro for this habit was 106, as against 400 for the preceding fiscal year. This reduction is largely due to the fact that most of the offenders against the opium law are now committed directly to Bilibid prison. Of the cases admitted at San Lazaro all were discharged as cured. No definite statement as to the permanence of the cure is possible, but the admission of any patient a second time has been extremely unusual. All but four cases admitted to Bilibid prison have also been discharged as cured. Two died and two others are still under treatment. Persons who smoke opium can give up the habit with comparatively little inconvenience. Those who use it by the mouth have more difficulty. Prolonged treatment is necessary in curing those who use it hypodermically, and such persons suffer much inconvenience.

BUBONIC PLAGUE.

Efforts to keep this disease out of the islands have been completely successful. Not a case has occurred during the year.

SMALLPOX.

The vaccination campaign against smallpox goes steadily forward with the usual satisfactory results. One million eight hundred and seventeen thousand eight hundred and seventy-two persons have

been vaccinated during the year. Examinations in connection with the reappearance of this disease in localities where the people have previously been thoroughly vaccinated show that it is practically confined to children born since the last vaccination, to persons who escaped the vaccinators, and to those who have come in from other localities where vaccinations have not been completed. The bureau of health is importing several very light, portable ice machines through the use of which it is hoped that vaccine virus can be preserved in good condition long enough to make it possible to vaccinate people dwelling in the more inaccessible mountain regions, a thing which is now impracticable.

SUICIDE.

As the impression has prevailed in certain quarters that conditions in the Philippines were such as to lead to frequent suicides, it is interesting to note that statistics covering a period of five years show 4 suicides per year to each 100,000 persons in the Philippines, as against 14 to each 100,000 in the United States.

TUBERCULOSIS.

Dr. Fernando Calderon, professor of obstetrics in the Philippine Medical School, and Dr. Victor G. Heiser, director of health, were appointed by the Governor-General to represent the Philippine Islands at the International Congress on Tuberculosis, which opened at Washington, D. C., on September 21, 1908. Upon their return these gentlemen submitted recommendations relative to the policy to be pursued in the Philippines, which were strongly indorsed by the Philippine Medical Association and have, in effect, been adopted by the government, which has appropriated ₱35,000 for experimental work along the lines suggested, provision having been made for opening a tuberculosis dispensary in Manila, with a trained nurse in attendance and another trained nurse to visit patients at their homes; for the starting of a night camp on an elevated site in the outskirts of Manila, where victims of this disease can sleep in the open air and receive practical instruction relative to diet, disposal of sputum, etc.; and for the construction of a number of open cottages in the mountains of Benguet for the actual treatment of incipient cases.

AMŒBIC DYSENTERY.

Amœbic dysentery continues to be the principal source of disability among government officers and employees, although there have been no deaths from this cause during the year. It is credited with being the cause of 3.07 per cent of the deaths in Manila. Persons who exercise proper care as to their drinking water, and who avoid eating in a raw state vegetables growing on or near the ground, seldom contract it. In its earlier stages it usually yields quite readily to treatment, while the climate of Baguio, combined with the excellent diet furnished at the hospital there, continue to prove almost a specific for it.

FILIPINO TRAINED NURSES.

The training of young Filipino women as nurses, which is being performed through the cooperation of the bureau of education and the bureau of health, continues to result most satisfactorily, and in my

opinion there can no longer be any doubt as to its final and complete success. It is gratifying to note that private institutions are following the example of the government. A training school for Filipino nurses has been established in connection with St. Paul's Hospital, while regular training work is also carried on at the university and the Mary J. Johnston hospitals.

USE OF MOTORCYCLES.

With the steady and rapid improvement in public highways which is going on throughout the islands, the use of motorcycles as a means of rapid and inexpensive transportation for officers and employees doing work in the provinces is being given considerable attention. An American medical officer who was provided with one has found it possible to cover practically the entire province of Bulacan daily. Friar-land agents, surveyors, and others have found motorcycles of great value, and it is believed that these machines can soon be utilized to a considerable extent by health officers, veterinarians, and others who have to carry on inspection work extending over large areas which are traversed by good roads or even by fairly smooth trails.

REPORT OF THE DIRECTOR OF HEALTH.

The work of the bureau of health is necessarily too large in amount and varied in character to be fully discussed in a report of this character, and only a few of its more important features have been here dealt with. The report of the director of health for the year has been issued in what may be called two editions. The first of these, which is transmitted herewith, is greatly condensed and statistical tables are eliminated from it. It is intended to convey information of a character which will be of interest to the ordinary reader. The second, or complete edition, contains very full information, much of which will be of especial interest only to medical or sanitary officers and experts. This latter edition of the report will be published at Manila and may be had upon application.

BUREAU OF QUARANTINE SERVICE.

The results of the work of the local office of the United States Public Health and Marine-Hospital Service have been set forth in such concise form in the annual report of the chief quarantine officer that further condensation is hardly practicable, and I shall confine myself to the statement that the high efficiency which has made this service justly famous has been maintained throughout the year, referring those interested in the details of the work to the report above mentioned.

One serious question connected with immigration has been finally settled. At the time of my last annual report some 5,000 Chinese persons, many of whom had resided in the Philippines for long periods, were being refused transportation from China to the Philippines by steamship companies because of the ruling that all persons not citizens of the United States, or expressly covered by the treaty of Paris, must meet the requirements of the United States immigration laws before they could be admitted. As a result many worthy Chinese residents, who had gone on visits to their native land, leaving

families and property behind them, were overwhelmed by the discovery that they could not return to the islands. While deploring the harshness and the manifest injustice involved, quarantine officers were, nevertheless, compelled to enforce this rule.

In the belief that it was only fair and just to permit persons who had lived in the Philippines long before American occupation and whose homes were indeed there to return, the Governor-General named the chief quarantine officer, Dr. Victor G. Heiser, to act as his representative in bringing this matter to the attention of the departments of State, War, and Commerce and Labor. A conference was held in Washington, as the result of which an order has been issued which exempts Chinese persons who were properly domiciled in the Philippine Islands prior to November 27, 1903, from the requirements of the United States immigration laws and regulations affecting their return to these islands.

In addition to their regular work, officers of the quarantine service have examined all applicants for license as masters, mates, and engineers on vessels registered in the Philippine Islands for the board of marine examiners; have inspected 7,735 arriving aliens; have maintained a light on Mariveles Bay for the benefit of navigation; have displayed storm signals at the same point for the weather bureau; have disinfected a large number of vessels which had carried diseased cattle; have assisted the bureau of health in local sanitary work; have maintained a general sanitary supervision over the vessels of the coast guard fleet; have expedited the operations of the bureau of posts as much as possible, especially by landing mail from quarantined vessels; have furnished quarters at Mariveles for home-going regiments of the United States Army for periods of five to forty days; and have made physical examinations for the light-house service, the bureau of civil service, the bureau of education, the bureau of navigation, and the coast and geodetic survey.

BUREAU OF FORESTRY.

Although the amount of timber cut in the Philippines is steadily increasing, the director of the bureau of forestry complains, with reason, that his appropriation for field work has remained unchanged and that his force is really inadequate to perform the duties required of it by law. He claims that a better forest administration in the regions where large lumbering operations are at present being carried on would lead to an increase in the insular revenues which would be far in excess of the additional expense involved.

With a view to giving him an opportunity to demonstrate the correctness of this opinion, he has been given a special appropriation of \$20,000 for expenditure in northern Negros and in the province of Bataan. Should the results prove his statements to be correct, I am of the opinion that the appropriation for the bureau of forestry in the future should take the form of a fixed percentage of the revenues derived from forest products during the year immediately preceding the date on which the appropriation is made. If by spending an increased sum we can not only give better protection to our forests but can, at the same time, increase the net revenues of the government, there should be no hesitation in incurring such expenditure.

FIELD WORK.

In addition to the necessary supervision of lumbering operations, the bureau has steadily prosecuted the work of mapping the forested areas in the archipelago, and making detailed working plans for many forest tracts; of laying off forest reservations where they are deemed to be most necessary; of providing communal forests for municipalities; of making botanical collections to aid the force of the bureau of science in identifying tree species; of preventing the making of unlawful "cainġins" (forest clearings); and of examining tracts of land in order to determine whether they are of more value for forest or for agricultural purposes.

Igorot fire wardens have been successfully employed in the pine regions of Benguet, Lepanto, and Bontoc, where forest fires are especially frequent and destructive.

PREPARATIONS OF FILIPINOS FOR THE FORESTRY SERVICE.

Efforts made to train young Filipinos for the forestry service are beginning to bear fruit. Of 14 student assistants carried on the pay roll as temporary rangers during the year, 9 have been retained as competent. The appropriation bill for the fiscal year ending June 30, 1910, carries provision for 30 special students to receive instruction while working for the bureau, while a course in forestry has been established in the Philippine Agricultural College.

PROPAGANDA WORK.

Vigorous efforts have been made through the medium of the public press and of public lectures to bring home to the Filipinos the value of their forests, the profit which may be derived from them if properly managed and preserved, and the advantages resulting from the avoidance of useless destruction.

SCIENTIFIC COLLECTIONS.

Approximately 4,000 numbers have been added to the bureau of science herbarium by officers and employees of the bureau of forestry. The collection of these specimens has been carried on in connection with other work, and has involved very little expense.

UTILIZATION OF FOREST PRODUCTS.

The following summary statement will give an idea of the amount of products taken from the forests of the Philippines during the present fiscal year as compared with that so taken during the previous fiscal year:

Product.	1909.	1908.
First group.....cubic meters..	35,357	25,586
Lower group timber.....do.....	108,404	78,692
Fire wood.....do.....	221,635	192,526
Charcoal.....do.....	6,182	4,535
Dye wood.....metric quintal of 220.46 pounds..	13,223	22,801
Tan bark.....do.....	14,204	16,768
Dye bark.....do.....	1,148	1,367
Wood oils.....liters.....	314,932	27,154
Gum mastic (almaciga).....metric quintal of 220.46 pounds..	9,967	9,439
Rattan.....kilos.....	3,639,389	a 67,299,082

a Pieces.

The total timber cut by the 11 leading licensees amounted to 75,936 cubic meters, equivalent to approximately 22,780,800 board feet. The total revenue derived by the government from forest products during the year was ₱251,380.

Details of the work of the bureau of forestry will be found set forth in the report of its director.

BUREAU OF SCIENCE.

The difficulties due to the overcrowding of the building of the bureau of science, to which reference has been made in previous reports, have been more serious than ever during the past year, but are now soon to be remedied, funds having been appropriated for the construction of an addition which will afford ample facilities for all the work of the bureau.

SURRA.

For the first time since the study of this disease was undertaken by the laboratory force there seems reason to hope that a fairly successful treatment may be worked out, one of the recent preparations from Professor Ehrlich's laboratory for experimental therapy in Frankfurt having proved highly effective in causing the prompt disappearance of the parasites from the blood of infected animals. Some time will yet be required before a final opinion can be expressed as to the permanence of the results thus obtained.

STUDY OF DISEASES IN THE PROVINCES.

In order to gain a more adequate knowledge of the diseases prevalent in the provinces it was decided to make the most complete possible study of a provincial town. Taytay, in the province of Rizal, was selected as a fitting place for examination on account of its insanitary surroundings, and because it has in the past suffered with especial severity and frequency from epidemic diseases. The bureau of science, the bureau of health, and the Philippine Medical School cooperated in this work. The water and food supplies were carefully investigated, as were the mosquitoes and other disease-bearing insects of the town. The sick came in freely for treatment, and were made the subjects of complete and thorough examination; medical histories were taken; physical examinations were performed; and sputum, blood, and feces were examined microscopically. Where the facts warranted it serum reactions were tried, and differential blood counts and urine examinations were made. The results of these examinations will be found set forth with much detail in the reports of the director of the bureau of science and the director of health.

BACILLARY DYSENTERY IN BATANGAS.

A representative of the biological laboratory was able conclusively to demonstrate the fact that the severe bowel trouble, an epidemic of which occurred in Batangas, was bacillary dysentery. This disease has apparently heretofore been comparatively rare in the Philippines, but severe outbreaks of it have recently occurred at a number of quite widely separated points.

INVESTIGATIONS RELATIVE TO LEPROSY.

Positive bacteriological diagnoses of leprosy are required before victims of this disease are sent to the leper colony. One thousand six hundred and thirteen individuals were examined by the laboratory force during the year, and 1,135 were found to be positive. Mr. Moses Clegg has demonstrated that the bacilli of leprosy may be cultivated on artificial media in company with *amœbæ*. The importance of this discovery to the future study of leprosy can hardly be exaggerated.

CHOLERA.

Very valuable assistance was rendered by the staff of the biological laboratory in combating the cholera epidemic of 1908. It was necessary to assign five of the staff to regular duty at cholera hospitals. In addition to the work performed there, important investigations were completed relative to the presence of bacilli carriers, whose demonstrated presence in Bilibid prison afforded a satisfactory explanation of the previously unsolved question as to how cholera was introduced there.

As the result of the elaboration of a new method of taking and transmitting cultures, which made possible a conclusive diagnosis in cases when a week or more was consumed in forwarding specimens to Manila, a very important advance has been made in means for determining positively the presence of cholera in the provinces.

DIPHTHERIA.

A number of cases of true diphtheria have occurred in Manila during the year, and as a result there has been considerable need of the diphtheria antitoxin prepared by the bureau.

BLOOD DIAGNOSES.

As usual, the biological laboratory has frequently been called upon during the year to determine whether blood stains were of human or animal origin. Such determinations, as a rule, have presented little difficulty. Owing to the large number of races represented in the Philippines, research was undertaken to determine whether there was any possibility of differentiating the blood of Filipinos, Caucasians, Negroes, Negritos, and Chinese. The negative result obtained agrees with that of a similar investigation recently made at Harvard University.

PLAGUE EXAMINATIONS.

Rats have been examined for bubonic plague throughout the year, the result, fortunately, being invariably negative.

WATER ANALYSES.

Requests for water analyses have been particularly numerous, a fact which is gratifying, as it indicates an increasing interest in obtaining supplies of pure drinking water for towns. The water from many of the artesian wells recently drilled has shown very few bacteria

and no evidence of fæcal contamination, while the water from open wells has uniformly contained numerous bacteria with positive evidences of fæcal contamination in a very large percentage of cases.

AMOUNT OF ROUTINE WORK OF BIOLOGICAL LABORATORY.

Some idea of the amount of routine work performed by the staff of the biological laboratory may be gained from the fact that 701 specimens of blood, 962 specimens of sputum, and 7,334 specimens of fæces were examined during the year.

ORIGINAL INVESTIGATIONS.

Although the demands of routine work, and those resulting from the 1908 cholera epidemic, were very heavy, a large amount of valuable and important original investigation has been carried out by the staff of the biological laboratory, and some of the results of such investigation have been published in 23 important papers.

ANTIRINDERPEST SERUM AND VACCINE VIRUS.

The facilities for the production of antirinderpest serum have been greatly increased, and as much as 50 liters have been prepared in a single day. The laboratory has been able to supply the enormous demand for vaccine virus with a very satisfactory article.

OTHER SERUMS AND VACCINES.

The following list of preparations kept constantly on hand, or made as required, will give some idea of the variety and importance of the work of the serum division of the biological laboratory: Tuberculosis, cholera, and plague prophylactics; *Gonococcus* vaccine; *Staphylococcus aureus* vaccine; *Staphylococcus albus* vaccine; *Staphylococcus citreus* vaccine; antidiphtheritic serum; antitetanic serum; anticholera serum; antityphoid serum; antiplague serum; antidysenteric serum; anthrax vaccine; mallein; typhoid reagent; paratyphoid reagent; cholera reagent for agglutination; normal horse serum; normal ox serum; normal carabao serum; and agglutinating and bacteriolytic serums in liquid and dry form.

ZOOLOGICAL SECTION.

The work of the staff of this section has resulted in the gathering of a large amount of museum material, and in some discoveries of considerable commercial importance. On Bantayan reef beds of large commercial sponges of very good quality were found. The sponge fisheries off Mactan Island, near Cebu, are now being steadily worked, and sponges of fine quality have recently been discovered on the east coast of Polillo. Mr. Seale has undertaken the identification of the commercial sponges of the Philippines, and has submitted samples to dealers in the United States in order to obtain prices, which have ranged from ₱20 per kilo for the best sponges to ₱0.40 per kilo for the poorest. The exportation of commercial sponges from the Philippines should begin in the near future, and with proper protective legislation the industry should be of permanent importance, especially as there are numerous places naturally adapted to the artificial propagation of sponges.

SILKWORM CULTURE.

The possibility of the establishment of an important silk-producing industry in the Philippine Islands has now been conclusively demonstrated. Efforts to introduce Japanese silkworms, made long ago by the Spaniards and since American occupation by the bureau of science, resulted in failure. These worms reproduced but once a year. Their eggs are very delicate, and in every case of attempted introduction the worms soon died out.

Very different results have followed the introduction of the Bengal-Ceylon silkworms which were first imported on February 18, 1907, by the bureau of science. They flourish in this climate, producing 8 to 9 generations per year. They have been grown continuously for 23 generations and have remained entirely free from disease.

As mulberries will grow luxuriantly throughout the islands at any elevation from sea level to 4,500 feet, there need now be no hesitation in stating positively that it rests with the people of these islands whether or not there shall be established here a silk-producing industry of great commercial importance.

In view of the manual skill displayed by Filipino women in preparing fiber for such delicate fabrics as piña and jusi, and in weaving and embroidering these fabrics, it can not be doubted that they have to a marked degree the deftness necessary for the winding of silk from cocoons and the weaving of silk fabrics.

The value of the annual importations of raw silk to the Philippines is approximately ₱345,000, while the United States market offers great possibilities to silk producers in these islands.

It has been deemed best, before making this announcement, to continue the silkworm culture for a long period in order to avoid the possibility of disappointment through the arising of unforeseen difficulties.

After a number of failures, the bureau of science has now succeeded in introducing the "Eri" silkworm which produces the so-called "tussar" silk of commerce. This worm is easily cared for, being comparatively hardy, and as it feeds on the leaves of the castor-oil bean, which grows as a weed throughout the islands, its cultivation ought to extend rapidly.

Through the kindness of Dr. L. O. Howard, Chief of the Bureau of Entomology of the United States Department of Agriculture, Washington, D. C., the bureau has secured two complete 4-pan Berthoud silk-reeling machines of the most modern type. At the coming Philippine carnival one of these machines will be kept in operation and the whole process of silk production, from the hatching of the eggs to the reeling of the silk, will be demonstrated. A continuous demonstration of this process will also be kept up at the silk laboratory just completed for the bureau of science, and it is hoped that by this means, and through the medium of public schools, wide attention may be attracted to the great possibilities of silk production in these islands.

For more than a year the division of entomology has been engaged in the hybridizing of the Japanese and the Bengal-Ceylon species in the hope of obtaining silkworms which will be more prolific than are those from Japan and will produce larger cocoons than do those from Ceylon.

The division of entomology has performed a large amount of other interesting and valuable work during the year, especially in connection with the study of the distribution of malaria-producing mosquitoes. The visit of Mr. Charles S. Banks to America and Europe has made possible the final identification of an immense amount of material, but I am of the opinion that by far the most important work of the division has been that in connection with the introduction, culture, and hybridization of silkworms.

DIVISION OF CHEMISTRY.

In addition to the usual routine work, which has steadily increased in volume and importance, a large amount of important economic work has been done. Publications have been issued on the economic possibilities of the mangrove swamps of the Philippines and on Philippine turpentine. Work on Philippine coniferous and dipterocarpus resins has been almost completed and will soon be published. The study of Philippine medicinal plants has been continued with the result that berberine in large quantity has been found in the stem and root of a common shrub, and hyoscyamine has been successfully isolated from the seeds of a weed which grows abundantly along sandy sea beaches. The possibility of successfully producing both of these drugs upon a commercial scale has been demonstrated. Work on essential oils has also continued, and that done in connection with ilang-ilang, champaca, and vetiver has been productive of results of importance to every person interested in their commercial production. A process for the production of concrete essence of champaca, worth approximately ₱2,800 per kilo, has been worked out, as have processes for the production of concrete essence of vetiver and absolute essence of ilang-ilang. Osimum oil, not heretofore reported upon, has also been investigated.

CEMENT INVESTIGATIONS.

Not only have a very large number of tests been made in the cement-testing laboratory, but there has been made a special study of the physical and chemical properties of the various brands of Portland cement coming from America, Europe, China, and Japan, with a view to determining the results of seasoning and aeration on their setting, and on their tensile and compression strengths. The results of this work have in some instances led to the rejection by the government of large quantities of poor cement supplied by local dealers, and, as a natural consequence, the work of this division has been very bitterly assailed. There is, however, no reason to doubt the correctness of the results obtained. A better spirit seems now to prevail, and the cement expert of the bureau is, by invitation, visiting the Green Island Cement Works of Hongkong in order to carry on thorough study of the methods employed there in cement manufacture and to make any helpful suggestions which he may be able to give.

PAPER PULP.

The published results of the work previously performed by the bureau on the utilization of Philippine bamboo, maguey, cogon grass, and hemp for the production of paper pulp has led, through a request

from China, to the performance of similar work upon a species of bamboo produced there. In connection with this latter work, new and important results have been obtained which will soon be published, together with the results of further work on the production of paper pulp from certain Philippine woods.

SUGAR INVESTIGATIONS.

A chemist was sent to Negros for the purpose of making a preliminary survey of the sugar-cane districts in that island. He was able, in several instances, to make suggestions of great practical value to sugar producers. There ultimately arose a strong demand in the Visayan Islands for the establishment of a government sugar-testing laboratory at Iloilo. Such a laboratory has been provided for, and will be opened in the near future. During that portion of the year when the employees of this laboratory are not occupied in the grading of commercial sugars, they will spend their time in the field in rendering practical assistance to sugar growers.

SUMMARY OF WORK OF THE DIVISION OF CHEMISTRY.

An idea of the amount and character of the routine work performed by the division of chemistry, and of the increase over the previous fiscal year, will be obtained from the following table of examinations made:

	1907-8.	1908-9.
Cements.....	1,314	2,788
Urines.....	416	413
Waters.....	72	99
Papers, fibers, and textiles.....	62	84
Paints, pigments, varnishes, dyes.....	39	43
Oils, fats, waxes, and soaps.....	26	48
Gastric and toxicological examinations.....	18	23
Miscellaneous examinations.....	40	706
Total.....	1,987	4,204

SECTION OF WEIGHTS, MEASURES, AND MINERAL ANALYSIS.

The work involved in the standardizing of weights and measures has been unexpectedly large. All provinces had been provided with secondary standards a year ago, but many of them discovered that a single set was not sufficient for the proper carrying out of the provisions of the weights and measures law, and additional sets were ordered. Furthermore, there has been an unexpected demand from municipalities for standard weights and measures, no less than 416 having asked for third-class weights, scale pans, measures of capacity, measures of length, and small rods equal in length to the cubical dimensions of the measures used for dry substances. Four hundred and fifty sets of such standards have been ordered and most of them have arrived and have been tested and prepared for distribution. The bureau has been compelled itself to manufacture many measures in order to avoid the delay that would result from ordering them. With the successful commercial development of some of the Philippine mining districts, the number of private assay plants has increased,

yet there has been little change in the number of assays performed by the bureau. Some 20 rocks and minerals, exclusive of gold, have been analyzed and more than 130 constituents determined. A very large number of coal analyses have been made and the calorific value of many coal samples has been determined. An article on "Philippine raw cement materials" is now in the hands of the printer, and a bulletin on the "Mineral resources of the Philippine Islands" has been published, as has an article on "Volcanic tuff as a construction and a cement material."

The work on the practical utilization of Philippine coals recently issued has been of especial interest to the navy, railroads, shipping firms, engineers, and consumers of coal in general. Philippine coals are nearly all noncoking. It has been shown that they can be successfully used under boilers when burned in long fire boxes with a sufficient number of baffle walls. It is probable that they can be most advantageously employed in gas producers, especially as they are nonclinkering.

A gas-producer plant of 70-horsepower capacity has been ordered for the bureau of science in order to furnish the additional gas and power required for carrying on the work of the general hospital and the Philippine Medical School. A practical determination of the amount of power derived from Philippine coals by the production of producer gas and its utilization in a gas engine will soon be made. An article on "Industrial alcohol and its possibilities as a source of power in the Philippines" is in press.

PURE FOOD AND DRUGS EXAMINATIONS.

Five hundred and ninety-nine samples of foods and drugs were examined, of which 319, or 51.17 per cent, were found to be illegal, thus conclusively demonstrating the importance of this work. A considerable amount of research work was also performed by the force of this division.

DIVISION OF MINES.

The field work accomplished includes the inspection of the mining districts of Lepanto and Benguet; the exploration of Mount Kawa, a previously unknown active volcano in northeastern Luzon; the investigation of the coal deposits near Alcala; examination of the gold districts of Masbate and Paracale, and of the coal district of Batan; a reconnaissance of a portion of southwestern Luzon; a reconnaissance of the island of Leyte made at the request of the director of public works in order to study the conditions governing the drilling of deep and artesian wells on that island; and an examination of the oil fields of Tayabas. The results of the work done in connection with the drilling of artesian wells have been such that the director of public works has requested the detail of Doctor Adams to that bureau for extended further investigations of a similar character. The crude petroleum obtained in Tayabas proves to be of extraordinary excellence, and the surface oil showings and results of drilling a shallow test well indicate that the field is well worth prospecting.

EXAMINATION OF STRUCTURAL MATERIALS.

Large sums of money are now annually expended in these islands in the construction of roads, bridges, railways, harbor and river improvements, and public buildings, thus creating a heavy demand for structural materials. There is a growing realization on the part of the director of public works and the city engineer of Manila of the importance of the study of sands, gravels, crushed stone, building stones, and clay products prior to their use as structural materials. For instance, it has been shown that the sand of the Orani River has about 50 per cent greater efficiency for cement making than does that of the Pasig River. Doctor Adams has found, near Angono, superior stone for macadamizing streets, and the city stone-crushing plant will soon be removed to this place. The efficiency of stone from the Sisiman quarry has been tested for the United States Army engineers constructing fortifications at Corregidor, and standard abrasion tests on stone from the provinces to be used for macadamizing roads are now in progress.

DEVELOPMENT OF THE MINING INDUSTRY.

In spite of the unfortunate character of some of the existing provisions of law bearing upon the development of the mining industry in the Philippines, it is gratifying to note the steady increase which it shows. During the calendar year 1907 the gold production of the Philippines amounted to ₱156,000. During 1908 it was more than ₱400,000. Development work is being steadily prosecuted in Benguet and Masbate with the most encouraging results, while the profits resulting from the operation of gold dredges in Ambos Camarines have been such as to attract widespread attention.

At the beginning of 1907 the coal production was practically nil. Toward the end of the year it amounted to 25 tons per day. The East Batan Coal Company alone now has a capacity of 100 tons per day and is installing machinery which should give it a capacity of approximately 300 tons per day. Full details relative to the present knowledge of the mineral resources of the islands will be found in the second issue of the annual bulletin, entitled *The Mineral Resources of the Philippine Islands*, published by the bureau of science.

PHILIPPINE MUSEUM.

The arrangement of ethnological material for exhibition purposes has progressed steadily during the year. The entire ground floor of the building previously used for museum purposes has been reconstructed, forming a spacious and well-lighted exhibition hall. A comprehensive series of exhibits showing the mineral, agricultural, and forest resources of the islands will soon be installed.

PHILIPPINE JOURNAL OF SCIENCE.

The Philippine Journal of Science is now published in three sections, of which one is devoted to medical science, one to botanical science, and one to general science. The reputation of this journal has been firmly established by the large amount of valuable research work which has been published in it. The fact that so much original work is produced is really surprising when one considers the large

amount of routine work which must be performed by the staff of the bureau of science. Undoubtedly the excellent opportunities afforded in these islands for research work, and the certainty that results of such work, if important, will be promptly published in the Philippine Journal of Science, are two factors which contribute in an important degree to our ability to get such well-trained and competent men at the modest salaries which the insular government can afford to pay. A full account of the work of the bureau of science, including lists of publications issued, will be found in its annual report, which has been prepared by the acting director during the absence of the director on leave.

BUREAU OF LANDS.

FRIAR LANDS.

Land on 7 additional friar estates has been offered for sale, giving a total of 12 out of 23 estates on which work has been completed. It is hoped that 5 additional estates can be offered for sale during the coming year. The number of lots sold or leased is 6,116 in excess of those sold or leased at the end of the previous fiscal year. The annual contracted rentals have increased by ₱99,298, and receipts from all sources have increased ₱253,207. The increase in administrative expenses has been ₱4,357.95, due solely to the expenses of appraisement committees working on estates about to be sold. There was an increase of ₱8,091.29 in irrigation expenses due to the performance of additional work. On 11 estates, collections exceeded the current expenses, this having been true on but 4 estates during the previous year. The net deficit on the whole friar-land business for the year was ₱137,622.22, as compared with ₱378,485.79 for the previous year. It will, therefore, be seen that very great progress has been made. It is hoped that it will continue during the present year, and that from now on collections will exceed expenses. Troubles of a political nature in connection with the leasing and sale of friar lands have almost entirely ceased.

PUBLIC LANDS.

There has been a falling off in the number of applications to homestead, purchase, or lease public land. Only in the free patent applications has there been an increase, and this was doubtless due to the fact that the last date on which free patent applications might be made was December 31, 1908. The total area covered by homestead, sale, lease, and free patent applications was 45,604 hectares, as against 58,109 hectares for the previous year. So long as existing restrictions as to the purchase of public land for agricultural purposes continue in force, supplemented by the provision of law which prohibits any member of a corporation engaged in agriculture from being in any wise connected with any other corporation so engaged, it is not believed that there will be any material change in the existing situation, or much progress toward bringing under cultivation the enormous areas of agricultural land at present lying idle in these islands. After an additional year's experience, the recommendations heretofore made for more liberal land laws must be reiterated with emphasis.

The public-land act should furthermore be amended so as to provide for the sale of small parcels of land which are not properly agricultural land but are needed for fish breeding, salt works, and similar industrial purposes. The difficulty might be met by adding a new chapter to the public-land act, modeled after the act of Congress of March 3, 1891, which provides for the sale of parcels of land for business purposes in Alaska. The number of parcels which may be acquired by a person or corporation should not be limited, providing a reasonable maximum area is not exceeded, as it often happens that corporations dealing in agricultural products need to secure building sites at a number of different places in order properly to conduct their business. The securing of public land for cemetery purposes should also be provided for.

A decision of the supreme court to the effect that all land which is neither mineral nor forest land is agricultural public land, brings town lots into this category, but such land can not be sold under chapter 2 of the public-land act, because actual cultivation is required for a period of five years before the purchaser is entitled to a patent. The utter insignificance of present transactions in public lands is shown by the fact that but 14 sales were made during the year, all to private individuals, while only 7 leases were executed, the total annual rentals from the same amounting to ₱989.71. Indeed, the total number of leases executed to date for public land is 8, with a total rental of ₱1,053.71.

FREE PATENTS.

The total number of free patent applications received from the time the public-land act took effect to the expiration of the period within which they could lawfully be made was 15,877. Of these, two-thirds were filed as the direct result of the work of inspectors employed by the bureau of lands. The average area of all applications received is approximately 3 hectares. Investigation and survey of free patents has as yet only been begun. Probably 14,000 will have to be investigated, and 12,000 surveyed.

UNPERFECTED TITLES.

Of 491 cases, in which the benefits of chapter 6 of the public-land act were requested, the bureau of lands made no opposition in 262. Opposition was entered in the remaining cases for various reasons, by far the most frequent one being that the surveys prepared were not made in accordance with existing provisions of law. The supreme court of the Philippine Islands having held that municipalities may not acquire title to public land by prescription, opposition was entered in every case where they attempted to do so, the purpose being to obtain title in the name of the insular government and then request a reservation of the land for the use of the municipality in accordance with the provisions of section 71 of the public-land act.

DISASTROUS RESULTS OF FAULTY LAND SURVEYS.

Under section 66 of the public-land act as administered by the court of land registration, a condition of affairs has already arisen which involves endless future trouble. Until the passage of Act No.

1875, which was intended to prevent the acceptance of further incorrect surveys by this court, almost anyone could, and did, prepare plans and descriptions which were accepted by the court without regard to their accuracy, and titles were decreed upon them. It is believed that fully 80 per cent of these surveys were so incorrect that no competent surveyor could relocate, from the plans and descriptions, the land actually owned. The magnitude of the errors commonly made is illustrated by the reproduction of sample plans in the report of the director of lands. So little impressed is the court with the disastrous results which will inevitably follow that it continues to accept incorrect and erroneous surveys, provided they were contracted for or made prior to July 1, 1908, and, most astonishing of all, where the execution of new and accurate surveys has shown errors in previous carelessly made surveys the court has directed surveyors to amend the lines of properties adjacent to those heretofore wrongly surveyed so as to conform to the errors previously made, thus perpetuating them, and in the event of their unwillingness to do so has refused to register title. Meanwhile, the strongest effort has been made to secure the radical amendment, or repeal, of Act No. 1875. Thus far, fortunately, it has failed, but as the number of surveys executed or contracted for prior to July 1, 1908, which the court has announced by circular it will accept, is between 3,000 and 4,000, the gravity of the situation will be appreciated by every thoughtful person. An offer on the part of the bureau of lands to verify free of charge, before presentation to the court, all plans executed or contracted for prior to the date of the passage of Act No. 1875, has been ignored. Hundreds of plans have been accepted by the court which are worthless, and the applicants, instead of being benefited by the court's apparently lenient action, have had their interests very gravely prejudiced. When a survey of adjoining property shows that one or more of the lines common with the property already decreed is erroneous, the court not only declines to accept the accurate description of such common line but it declines to reopen the cases already decreed. The bureau of lands can not change the true bearings and distances of lines surveyed by competent men in order to make them conform to previous surveys known to be in error, and, as a result, the applicant who has had his land properly surveyed can not secure his decree. Such a condition of things calls for prompt and vigorous action on the part of those having it in their power to act, and responsibility for the results of failure to act must rest upon them.

The only apparent remedy for the muddle now existing is legislation providing for the resurvey of all the cases heretofore decreed by the court of land registration at the expense of the insular government, but we might at least avoid such needless expense in connection with cases not yet decreed. It would be well for those who are arguing for the amendment or repeal of Acts Nos. 1875 and 1897 to cease to consider this matter solely from the view point of the personal interest of a limited number of unauthorized surveyors, and to have some regard for the interests of the thousands of property owners who will suffer if the descriptions of their properties, as registered, are fundamentally in error.

TRAINING OF SURVEYORS.

The training of competent surveyors in the school conducted by the bureau of lands is being steadily pushed. Since the school was organized, 51 pupils have entered. Of these, 7 resigned; 1 was discharged; 7 were qualified as junior surveyors; one who graduated failed in his junior surveyor examination; the senior class at present numbers 14, and the junior class 18. The school is now drawing an excellent class of pupils, and it is believed that the value of the work actually performed by them in the field while under instruction exceeds the cost to the bureau of their instruction.

A full statement of the work of the bureau of lands will be found in the annual report of its director.

BUREAU OF AGRICULTURE.

SUPPRESSION OF ANIMAL DISEASES.

Beyond doubt the most important work of the bureau of agriculture during the past year has been that for the combating of dangerous communicable diseases of domestic animals. In my last annual report the fact was mentioned that the tide of public sentiment had turned in the matter of inoculation against rinderpest, and that the demands for serum and veterinarians were consequently far in excess of the available supply. Every effort has been made during the year to meet the difficulty thus created.

The completion of the serum laboratory and of the large new stables at the Alabang stock farm, and the provision of increased facilities for the manufacture of serum at the bureau of science, have resulted in quadrupling the output of antirinderpest serum. All the veterinarians who could be secured at the salaries authorized by law for our service were brought to the islands. The director of agriculture was instructed that he must meet all demands for assistance, so far as the men and serum at his disposal would allow, and must, if necessary, cut other work, no matter how important, in order to keep the necessary funds available. These instructions were reiterated toward the end of the year when the insufficiency of the funds available for the general work of the bureau of agriculture was becoming painfully evident. The only limit which I allowed to be placed upon the work of saving cattle and carabaos was that imposed by the total amount of the appropriation for the bureau. The director of agriculture was warned that he must not incur a deficit, as there was no way in which it could be made good, but when toward the end of the year such a course became necessary in order to avoid a deficit, and after all other means of making economies had been exhausted, veterinarians were necessarily ordered to discontinue traveling except in meeting a few of the most threatening outbreaks.

Immediately after the passage of the annual appropriation bill the situation was saved by the Acting Governor-General, who made ₱20,000 immediately available for continuing the work. Although the increase in the veterinarian force and in the amount of serum available has made possible the obtaining of better results than during any previous year, I am not of the opinion that the best possible results were obtained for the money expended.

In at least one instance a serious epidemic, involving the loss of some 4,000 head of carabaos, occurred when, in my opinion, it might perfectly well have been prevented, and would have been prevented by the employment of better administrative methods. After full examination into the causes of this disaster, I deemed a thorough reorganization of the service necessary, and declined to allow the director of agriculture to go on leave until the necessary changes in personnel and in the duties of officers and employees had been effected. It is too soon to state whether these changes will produce the desired result.

Toward the close of the year the serum was allowed to fall off in immunizing power. For this I can find no excuse except the absolute lack of funds with which to pay for experimental animals. Under the provisions of the last appropriation bill, which gave to secretaries of departments and to the Governor-General certain powers relative to the transfer of funds from one appropriation to another, which had not heretofore been possessed by these officers, such a situation will be impossible in the future.

The outbreak above referred to, which occurred on the island of Siquijor, was by far the most serious one of the year. Another, which occurred in the Cagayan Valley of northern Luzon, was for a time very threatening, but was ultimately checked after a long and stubborn fight. A very large number of minor outbreaks were promptly stamped out. Others were not attacked until they had attained considerable dimensions, owing to transportation difficulties and to the continued lack of sufficient veterinarians and serum, but were ultimately more or less effectively dealt with. On the whole, it can be said that, in spite of many minor and some very important defects, the service of the veterinary division of the bureau of agriculture in the suppression of rinderpest has been decidedly more satisfactory than ever before, and has resulted during the year in preventing enormous losses to the owners of cattle and carabaos in the Philippine Islands.

It is confidently anticipated that further progress will be made during the coming year. Additional veterinarians have been authorized and the serum output will be augmented as rapidly as possible, but it should be remembered that veterinarians after arrival must of necessity spend a large amount of time in becoming familiar with the language and with the peculiarities and prejudices of the people; must gain experience in dealing with rinderpest, which they almost invariably lack; and must learn to travel rapidly and economically before they reach anything like their highest efficiency; while the presence of wild deer which become infected with rinderpest, and of course can not be quarantined; the general indisposition of the Filipino people to protect themselves or their neighbors by the imposition of any local quarantine measures other than those put into effect by the director of agriculture, and other serious obstacles combined, prevent, and will for a time continue to prevent, the achievement of the immediate and complete success in the eradication of rinderpest, which, under more favorable circumstances, might be obtainable.

During the year 22,285 carabaos and 6,469 cattle were inoculated against rinderpest, while 3,322 carabaos and 312 cattle were reinoculated. Only 639 carabaos and 153 cattle are known to have died

after inoculation; this, too, in spite of the fact that many of the animals inoculated were badly diseased at the time serum was administered, and of the further fact that the immunizing power of the serum was allowed to fall off materially toward the close of the year.

Surra has been reported from 18 provinces, but has not caused considerable losses except in Marinduque and Bohol. It reappeared in Manila during April but was soon eradicated, after doing little damage.

Glanders has been found in 18 provinces, but there has been no serious outbreak of this disease, and the damage caused by it has been small.

Foot-and-mouth disease appeared in 23 provinces, causing much trouble and considerable losses. The efforts of the bureau of agriculture to generalize information relative to the treatment of this disease proved unexpectedly successful. Creolin and carbolic acid were distributed to owners of affected animals, and the results of this policy were very satisfactory. A change in the rules relative to the importation of cattle, as the result of which animals infected with, or exposed to, foot-and-mouth disease were refused landing except into the slaughterhouse for immediate killing, helped to check the introduction of fresh infection from without. As the result of these several measures, and of the efforts of the veterinarians and inoculators, this disease has been on the decline for many months and all of the provinces which became infected are now comparatively clean.

A few cases of ulcerative lymphangitis and hemorrhagic septicæmia have been reported, but there have been no considerable losses from either of these diseases.

Hog cholera has occurred, but to a very limited extent.

The completion of the government quarantine stations for cattle, which are now under construction at Manila and Iloilo, will greatly facilitate the work of combating dangerous communicable animal diseases. The Manila quarantine station should be completed by January 1, 1910. At the outset it will have stalls for 1,200 head of cattle, and it is proposed to double these accommodations in the near future. The station at Iloilo is already completed, and is believed to be large enough to accommodate all animals likely to be received at that port for some years to come.

THE NEW FORAGE PLANT.

The forage plant mentioned in my last annual report was substantially completed on July 1, 1909, and the experimental manufacture of mixed grain feeds has already begun. There can be no reasonable doubt that the efforts to manufacture such feeds here will be successful. I am awaiting with very keen interest the result of experiments soon to be inaugurated at this plant in the artificial drying of guinea grass, corn, sorghum, etc. Should it prove that this can be done successfully and economically on a large scale, the success of the forage plant with the corresponding enormous saving to the insular government, the City of Manila, and the United States Army, and the retaining in the Philippines of the enormous sums now annually sent to other countries for the purpose of forage, can, I think, be assured.

The forage plant is situated on the Pasig River, so that products from the farms along this stream and in the vicinity of the Laguna de Bay can be brought to it by water, while a branch of the Manila and Dagupan Railway will ultimately pass close by, and a spur track can then be run to the factory. In the unlikely event that Filipino farmers will fail to avail themselves of the opportunity to produce and sell at a good price the several ingredients of the feeds which will be made up at this factory, the bureau of agriculture should secure a suitable tract of land and itself undertake to produce what is required in excess of what the local market furnishes.

GUINEA GRASS.

Further experience confirms the belief that the introduction of this exceptionally valuable forage plant was a most important forward step in solving the forage problem. On comparatively poor and sandy soil at the Singalong Experiment Station it is producing at the rate of 200 tons of green forage to the hectare, or 80 tons to the acre, per year. It is put out in rows 3 feet apart, with plants 1½ feet apart in the rows. It may be cut 10 times during the first year. It stools rapidly and soon produces very heavy crops of nutritious grass, greedily eaten by cattle, horses, pigs, and goats. After each cutting a cultivator should be run between the rows. At the end of a year the plants should be dug up and used for resetting, and the ground may then be plowed and replanted.

Nearly all the ground at the Singalong Station is now planted in this grass but, rapidly as it stools, the demand for plants is pushing the supply so closely that it will soon be necessary to utilize a large additional area at the Alabang stock farm.

Guinea grass failed when first planted at the Baguio Experiment Station, but has now become acclimated and is producing heavy crops which have been utilized at the Trinidad stock farm in feeding horses and cattle. This has resulted in such a substantial saving of expense that I have approved the rental of sufficient additional land to supply all the forage, other than grain, required at the latter place.

MEXICAN JUNE CORN.

The efforts to introduce a variety of corn which would be a marked improvement over any now grown in the islands have apparently resulted in success. It has been found that under conditions of soil and climate such as prevail at Manila four plantings of Mexican June corn can be made during the year, with three crops harvested and another well under way, the yield per acre being very satisfactory. Seed is now being produced in considerable quantities and widely distributed.

THE PHILIPPINE AGRICULTURAL REVIEW.

This publication, first issued in January, 1908, has proved very successful in bringing the farmers throughout the archipelago into closer touch with the work of the bureau of agriculture, and in furnishing them with valuable information. Its usefulness was made especially apparent by the rapid dissemination of information relative to the treatment and prevention of foot-and-mouth disease.

The interest which the Review has aroused grows steadily and the number of provincial contributors increases. During the year it has contained important articles on the cultivation of rice, sugar, tobacco, hemp, cocoanuts, rubber, maguey, cassave, annatto, peanuts, coffee, cacao, castor beans, and oranges; the manufacture of copra and the growing of silkworms. The mailing list now includes 6,382 names.

TRANSFER OF SILK-CULTURE WORK.

Owing to the prospective sale of the land of the Singalong Experiment Station which has become too valuable to retain for agricultural purposes, all of the work in connection with silk culture has been turned over to the bureau of science, and it will be discussed in that portion of this report which deals with that bureau.

BAGUIO EXPERIMENT STATION.

Especially valuable work in the growing of vegetables and small fruits, particularly those ordinarily produced in temperate climates, has been carried on at the Baguio Experiment Station during the past year, and the profits derived from the sale of fruit and vegetables produced on this farm came within ₱120 of paying all salaries connected with the operation of the station, while the value of the guinea grass furnished to the stock farm for fodder resulted in making the work of this station a source of material financial profit to the bureau. It is believed that this profit will be materially increased during the coming year.

TRINIDAD STOCK FARM.

The results of the experiments in horse breeding carried on at this station have been such as to lead to the concentration of effort upon the production of colts from Filipino mares by Arab and Morgan sires. As a rule, colts obtained from American and Australian mares by American sires have proved quite unsatisfactory. Some colts obtained by breeding American mares to Filipino sires have been fairly good, while others have been little short of monstrosities. The colts by Arab and Morgan sires from Filipino mares are most promising, and if the bureau were willing to dispose of them at this time they would bring almost absurdly high prices. This work will be pushed as rapidly as funds will permit.

The Benguet Igorots take an increasing interest in horse breeding, and a new pasture has now been fenced and provided with shelter so that they can bring their mares there prior to foaling, and then have them bred to fine stallions owned by the bureau, the possibility of "catch colts" being thus eliminated.

Very satisfactory results have been obtained at this station by breeding Chinese and Filipino cows to a Galloway bull. About 9 out of 10 animals thus produced are quite hornless. Nearly all are black like their sire, and the increase in size and improvement in configuration are very noticeable. Both the bull and his offspring have proved quite able to forage for themselves and to keep in good condition on ordinary pasture grass.

The sheep and Angora goats at this station continue to flourish.

NELLORE CATTLE.

As efforts to introduce improved breeds of cattle from America and Australia have, on the whole, proved very unsuccessful, it was therefore deemed advisable to attempt to introduce from India improved breeds of cattle accustomed to a climate similar to that of the Philippines. After investigation it was decided to import Nellore cattle, and through the courtesy of United States Consul Stewart, of Madras, India, and of Colonel Gunn, a British veteran, the bureau was so fortunate as to secure 10 cows and 2 bulls at the annual cattle show held at Ongole, Nellore, Madras Presidency. The bulls and cows are of light fawn color with dark points, having very fine, soft hair and loose flexible skins. Both sexes have prominent humps, those of the bulls being particularly conspicuous. The animals carry their heads high, have long legs, move with extraordinary quickness, and present a most pleasing appearance. The males weigh some 570 kilos. each (1,256 pounds) and the females average 365 kilos (804 pounds). The males stand 164 centimeters (5 feet 4½ inches) in height and the females 153 centimeters (5 feet ½ inch).

Half of these cattle were sent to the La Carlota estate in the lowlands of Negros and the other half to the Trinidad stock farm. The latter were kept for some time at the Singalong Station in Manila, where they attracted much attention and were admired by all lovers of good animals. Thus far they have done splendidly both in the lowlands and in the highlands, and have remained quite free from disease. If they continue to thrive here they will unquestionably prove an enormous improvement over the present breed of native cattle on account of their greater docility, larger size, and quicker movements. They walk as fast as the average native pony trots, and if they become abundant will doubtless be extensively used in drawing passenger vehicles

WEATHER BUREAU.

The excellent work performed by the weather bureau has continued without serious interruption or important change. Provision has now been made for the systematic inspection of outlying stations, and for the employment of substitutes to fill the places of first and second class observers when the latter are on leave.

The telegraphic service of the bureau has been materially improved and the director of posts now keeps telegraph offices at points threatened by typhoons open until danger has passed.

Violent and dangerous storms were extraordinarily frequent during the period from July to December, 1908. Ninety-one typhoon warnings were sent to each of the points on the Asiatic coast to which the weather bureau forwards warning, the number for the same period during the previous year being 41, while the total number for the second half of the year was but 7. The havoc wrought by the worst of these storms as they passed through the archipelago would have been vastly greater had it not been for the timely warnings issued by the weather bureau.

EARTHQUAKES.

The number of earthquakes felt at different observation stations throughout the archipelago was 23 less than during the previous year. None of the shocks were of sufficient intensity to cause any serious damage. In view of the frightful calamities resulting from earthquakes in other parts of the world during this period, it must be admitted that the Philippines have been extraordinarily fortunate.

WIRELESS STATION AT BAGUIO.

The contemplated branch station of the weather bureau at Baguio, Benguet, has been established and bids fair to give important results. The observatory, which is on Mount Mirador, has been put in direct telegraphic communication with Manila. No appropriation has been made for the establishment of a wireless telegraphic station at this point, but the importance of such a station would be so great, on account of the opportunity it would afford to send storm warnings to vessels in the China Sea and to Hongkong and other stations on the neighboring Asiatic coast, that I have decided to request the transfer, from the funds appropriated for another bureau, of a sufficient amount to make possible the establishment of a 10-kilowatt wireless telegraphic station on Mount Mirador.

In my opinion this station should be supplemented in the near future by another at Santo Domingo de Basco on the island of Batan, in the Batanes Islands, and by a third at Manila. The Batanes Islands lie fully in the track of many of the typhoons which form east and south of the Philippines, and the observer there frequently gains information which would be of the utmost value could it be transmitted to Manila promptly. At present, however, it comes by mail and is often 2 or 3 months old when received.

So widely is the importance of a wireless station in the Batanes Islands appreciated that the governor of Hongkong has recently made official inquiry as to the prospect of its establishment. Such a station would, furthermore, enable the officials of the province of Batanes to keep in close touch with the insular government, a thing which at present is impossible.

Full details of the work of the weather bureau will be found in the annual report of the director.

PROGRESS OF THE WORK FOR THE CIVILIZATION AND CONTROL OF NONCHRISTIAN TRIBES.

During the year the subprovinces of Butuan and Bukidnon, constituting the province of Agusan; the province of Mindoro; the province of Palawan; the subprovinces of Benguet, Amburayan, Lepanto, Bontoc, Kalinga, Ifugao, and Apayao, constituting the Mountain Province; and the province of Nueva Vizcaya have been visited and inspected by the undersigned in person. The inspection of the Mountain Province and Nueva Vizcaya alone involved a horseback ride of 504 miles, all of which was made over excellent trails until the boundary of the Christian province of Pangasinan was reached. From this point to its end at San Nicolas the so-called trail was really a carabao wallow.

In the course of this trip conferences were held with large gatherings of headmen at Cervantes, Bontoc, Lubuagan, Banaue, Mayoyao, and Quiangan. Such gatherings had never previously been held at Lubuagan or Mayoyao, and the opportunity presented itself and was availed of at both places to establish friendly relations between the headmen of settlements which had up to that time been engaged in active hostilities.

THE PROVINCE OF AGUSAN.

Subprovince of Butuan.—Means of communication and travel in this subprovince have been greatly facilitated by the placing of a gasoline launch on the river. Owing to its presence I was able to ascend the river 125 miles, visiting the settlements on its banks and returning in one week, in spite of the loss of two days on account of a dangerous flood which rendered navigation temporarily impossible. For the first time I got in touch with the really wild Manobos. The Christianized Manobos, which form the bulk of the population up to the point visited, seem a rather supine and spiritless lot, and work in their behalf is attended with many disappointments. In but two of their towns was any very material progress noted. The genuine wild men at present really seem more promising than do their recently Christianized neighbors, and work for their control is progressing steadily, thanks to the tireless efforts of Governor Johnson and his assistants, Lieutenant Zapanta and Mr. McCullough.

The territory which these men have to cover is enormous. Their lives are extremely lonely, and prior to the placing of the launch on the river they were obliged to live for weeks at a time on small boats. This subprovince is practically without trails, and nearly all of the travel is done by water. An additional launch must be secured as soon as possible to operate in the lake region and on the upper river. Important road and bridge work has been undertaken in and near two of the Christian municipalities of this subprovince.

Subprovince of Bukidnon.—The progress made in Bukidnon during fifteen months was found to be extraordinary. The population of old settlements has increased through the coming down to the plains of many families which had taken refuge in the mountains. Several new settlements peopled from the same source have sprung up. Without exception, the settlements visited had perfectly kept plazas and streets and good houses. Private lots were fenced. Hogs were confined instead of being allowed to roam at large, and sanitary conditions in general were better than in many Christian municipalities in the islands. Taught by Lieutenant-Governor Lewis, people who heretofore had been accustomed to believe that they must go to the mountains to raise food crops had learned that land, previously considered worthless, immediately adjacent to their towns, would afford them a bountiful food supply and had put it under cultivation.

An immense amount of bridge and trail construction had been carried out, almost without expense to the subprovincial government. The people were themselves delighted with the progress that they had made, which had been brought about without compulsion of any sort. At Malaybalay there were present numerous representatives from wild settlements in the center of Mindanao, whose inhabitants had never before come down from their forest homes. The best of feeling prevailed throughout the portion of the subprovince visited,

and I was so delighted with what I saw that I took a dozen of the headmen on a trip to Manila as a reward for faithful and efficient service. It proved of the greatest interest to them and will, it is believed, be a source of lasting good.

The remarkable results above mentioned were brought about by the unaided effort of Lieutenant-Governor Lewis, and in spite of the determined opposition of influential Christians of the neighboring province of Misamis, who viewed with intense dissatisfaction the steady decrease of opportunities to exploit the industrious mountaineers who had been completely at their mercy prior to the establishment of the subprovince of Bukidnon. Necessary work in the main part of this subprovince occupying the full time of Lieutenant-Governor Lewis, who, indeed, was worn out with hard and continuous riding, made it impossible for him to make any attempt to establish governmental authority in that isolated part of his subprovince which lies to the west of Iligan Bay. I would have recommended that this territory be turned over to the Moro Province for administration had it not unexpectedly become possible to secure the services of former Lieutenant Fortich, of the Philippine constabulary, whose personal character, thorough understanding of conditions in this territory, and friendly relations with the better element of its population peculiarly fitted him to serve there as a special agent of the provincial governor. For him, also, many difficulties have been created as the result of the bitter hostility of those whose deadly grip on the unfortunate wild people of this region is now for the first time being loosened. All manner of charges will doubtless be brought against Senior Fortich, as has happened with Lieutenant-Governor Lewis, but it is believed that both of these men will continue to conduct themselves in such a manner as to afford no basis of fact for charges of misconduct.

THE PROVINCE OF MINDORO.

Conditions in Mindoro, especially among the Christian population, still leave much to be desired. Lalauigan, one of the recently established Mangyan villages, was found to be in better sanitary condition than was any Christian settlement. Strong pressure was brought on the people of the Christian settlements to compel them to clean up, and great improvement has been brought about. Whether it will be permanent remains to be seen.

Work for the betterment of the Mangyans necessarily progresses slowly. These people live for the most part in very small groups in the midst of trackless forests, and the absence of trails makes it impossible to reach them during the rainy season, but the ground heretofore gained has been held and additional work will be undertaken at the beginning of the coming dry season.

THE PROVINCE OF PALAWAN.

Conditions in this province steadily improve. The governor has displayed exceptional courage and energy in utilizing the provincial boat to reach distant points under all sorts of weather conditions. Some 2,500 renegade Moros scattered along the coast of the southern end of the island are the chief disturbing element. Not so much as a hectare of land is cultivated by this entire population, which lives by

exploiting the Tagbanuas of the interior and by thieving and fishing. On the recommendation of the provincial governor, and taking advantage of the occasion afforded by the commission of brutal murders by the Moros of Lara, I have exercised my authority to compel all Moros on the east coast north of Bonabona to remove to that place or to some point south of it. In my opinion it will probably be desirable in the near future to compel these renegades to leave the island of Palawan entirely, returning to north Borneo, Cagayan de Jolo, Tawi Tawi, or Jolo, whence most of them originally came, or settling on the islands of Bugsuk and Pandan.

It is always a pleasure to visit the island of Cuyo, which is inhabited exclusively by Christians, who are progressing quite rapidly. This island has excellent schools and a large proportion of the younger generation now speak English.

THE MOUNTAIN PROVINCE.

The results coming from the centralization of authority and funds through the establishment of the Mountain Province have, during the short period of its existence, more than justified expectations. With an active lieutenant-governor on duty in each of the seven subprovinces, and with the governor thus left free to have his office in the saddle, there has resulted the proverbial "long pull, hard pull, and pull all together," which never fails to get results. Visitors to the town of Bontoc are amazed to find in the heart of the head hunters' country substantial government buildings of brick and stone. First-class brick are now made at this place by Igorots at a cost of ₱5 per thousand, and brick and stone are skillfully laid in mortar by Igorots, who have been trained by Japanese masons. Lime is burned on the ground, and thus the cost of construction, which until recently was very great, has been rendered quite small. Pure mountain water will soon be piped into the town, and the presence in its immediate vicinity of a splendid water power makes it probable that it will be cheaper to light government buildings with electricity than to pack kerosene 73 miles inland for illuminating purposes.

Enormous damage was done to the trail system of the province by the frightful typhoon of October, 1908, and half a year's hard work has barely sufficed to repair it. Nevertheless, work on the comprehensive general trail system has been steadily pushed. The hill trail has been completed. It is 70 miles long, extending from Baguio to Suyoc without crossing a single river, and reaches an elevation of more than 7,000 feet with a grade nowhere exceeding 10 per cent, and most of the way less than 6 per cent. It commands some of the most magnificent mountain scenery in the Philippines. The Tagudin trail has been repaired since the typhoon, and the lower part of it has been converted into a cart road. Indeed, a cart has been taken over the entire 41 miles from Tagudin to Cervantes. The new trail from Cervantes to Bontoc has not been completed owing to the extra work caused by the typhoon. It should be finished by February 1, 1910. Its maximum grade will hardly exceed 4 per cent. It crosses the divide at 3,400 feet. The old trail twice reached an elevation of 6,200 feet. The trail from Lubuagan to Tabuc has been practically completed on a 4 per cent grade, and work is in progress on an isolated portion of the main trail north between Malaueg and Talifugo in Apayao. A line

for the continuation of this trail toward Magatta is now being cleared. The most dangerous rocks have been blasted out of the Abulug River, and the governor of the Mountain Province and the undersigned have searched the north coast of Luzon to find the best terminal point for the main trail from Baguio, settling upon a spot on the river a few miles inland from Claveria. Some 50 miles of excellent new horse trail now extend from near Talubin to Kedaklan and Fulangao. A splendid trail has been built from Banaue to Mayoyao, in the subprovince of Ifugao, a distance of approximately 35 miles. The dirt work has been completed on an additional stretch of 10 miles beyond this point. Indeed, the Ifugaos of this subprovince have caught the spirit of the times and have been building trails of their own in order to make it conveniently possible for American officials to visit their settlements.

Every mile of new trail constructed in this country means decreased transportation expense for the government, increased efficiency of provincial officials and constabulary, greater safety to travelers, and growing respect for law and order on the part of the wild men. Indeed, it is hardly possible to exaggerate the pacifying and civilizing influence which this trail construction has exercised. The people of hostile rancherias have become friendly as a result of working side by side. Fairly expert powder and dynamite men have been developed among the Ifugaos in a few months.

As a result of the establishment of trail systems, and of government exchanges or trading posts, not only has hostility between neighboring settlements of given tribes ceased, but the members of different tribes have begun to make friendly visits to each other's territory. Ifugaos from Banaue, who would have been killed on sight at the first Bontoc settlement three years ago, now make peaceful trading expeditions across the entire subprovince of Bontoc, and as far as Cervantes, in Lepanto. Men from Asin, in southern Ifugao, have even visited Lubuagan in the subprovince of Kalinga, and this year a delegation from Talubin, in the Bontoc territory, danced at the fiesta of the Ifugaos at Banaue. No one not perfectly familiar with the conditions which prevailed in this territory a few years ago can fully comprehend the significance of these changes.

Subprovince of Benguet.—The Igorots of this subprovince are peaceful agriculturists. So far as is known they have never engaged in head hunting. They are now able to govern their own settlements quite effectively, and are gaining steadily in civilization and in material prosperity. The friendliest relations exist between them and the provincial officials, and we certainly have in this subprovince a demonstration of the fact that a hill tribe may come into close contact with civilization not only without unfortunate results, but with very considerable profit.

Subprovince of Amburayan.—The Igorots of this subprovince belong to the same tribe as do those of Benguet. At the time the subprovince was organized many of them were idle and inclined to be vicious, while not a few were debauched with vino. The active enforcement of the law prohibiting the selling of vino to these people, together with the healthy influence of the lieutenant-governors which has been exerted to induce them to plant coffee and cacao, cultivate more rice, and keep domestic animals, has materially improved their moral condition and has greatly increased their material prosperity.

The people of the Christian town of Tagudin have had abundant reason during the year to realize that annexation to the Mountain Province has been of advantage to them. During the great typhoon of October, 1908, the Amburayan River flowed directly through the town, wrecking a considerable part of it and leaving it littered with débris. Of dead cattle and horses alone some 400 were left stranded about the streets. Money and help to deal effectively with this disastrous situation were promptly forthcoming. Later provincial funds were made available for the construction of a heavily built masonry river wall, which will in future prevent the recurrence of such a calamity.

Ten thousand pesos were made available for the construction of a secondary school building.

These and other considerations have led a number of neighboring Christian towns of South Ilocos and Union to petition for admission to the Mountain Province. This fact is interesting in view of the ridicule heaped upon the Tagudin people by the residents of these towns when Tagudin was annexed to the Mountain Province.

Subprovince of Lepanto.—Prior to the organization of the Mountain Province, Cervantes was the capital of the province of Lepanto-Bontoc, and the people of Lepanto were under the immediate supervision of the provincial governor. It is a regrettable fact that they were, on the whole, less well governed than were the people of any other subprovince in the territory now included within the Mountain Province. With the transfer of the capital of the Mountain Province to Bontoc, the appointment of a new governor and also of a lieutenant-governor whose sole business it is to occupy himself with the Igorots of Lepanto, very marked improvement has been brought about.

The Lepanto Igorots belong to the same tribe as do those of Benguet and Amburayan, and serious disturbance of public order among them is not to be anticipated, but there has in the past unquestionably been a marked lack of the sympathy which should have existed between them and the provincial officials, and cattle stealing has been lamentably common in the southern part of the subprovince.

Subprovince of Bontoc.—On the whole, conditions as regards public order have improved in this subprovince during the present year. A few heads have been taken, and in one extraordinary instance the head of a Tucucan man was taken, in the town of Bontoc under the very noses of the officials. Lieutenant-Governor Evans compelled the Bontoc people to give up the head and the body of the murdered man—a thing which has never happened in the subprovince before. He also secured the arrest of the guilty persons, who have been tried, convicted, and sentenced to death. It is not anticipated that there will be any further instance of head-hunting in Bontoc town.

Subprovince of Ifugao.—The extraordinary good work which for some time has been carried on in this subprovince by Lieutenant-Governor Jeff. D. Gallman and Constabulary Lieut. Máximo Meimban has continued. Even the Silipan people, who were considered utterly incorrigible by the Spaniards, and who enjoyed a well-earned reputation for murderous treachery, have become friendly. For the first time in history they presented themselves at Quiangan on the occasion of my annual visit of inspection, afterwards escorting my party as far as Payauan, where in Spanish days they massacred an entire garrison.

The establishment and maintenance of such an extraordinary state of good order among a population of 101,000 people who, until very recently, were head-hunting savages, by a force consisting of two American and one Filipino officials and ninety constabulary soldiers enlisted from among the savages themselves, is a remarkable proof of what fair and just treatment will accomplish among the North Luzon hillmen.

It is perhaps worthy of more than passing note that the Ifugao constabulary soldiers display extraordinary skill as marksmen. In a carbine competition participated in by picked men from the constabulary companies throughout northern Luzon the first nine men on the list were Ifugaos, a Christian constabulary soldier tying with an Ifugao for tenth place.

Subprovince of Kalinga.—Lieutenant-Governor Hale has made remarkable progress in improving public order and in bettering sanitary conditions in this subprovince. He must be credited with being the first man to bring about the complete cleaning and sanitation of Igorot towns.

He has gone practically alone to towns which threatened to take his head if he attempted to visit them, with the result that they promptly changed their minds and decided to be friendly. He has succeeded in establishing peace between a number of settlements which have been fighting each other for years. At the present rate of progress, head-hunting should be almost as rare within a year in the subprovince of Kalinga as it now is in the subprovince of Ifugao.

Subprovince of Apayao.—In this subprovince, whose people are wilder and more unmanageable than are those of any other subprovince under the executive control of the secretary of the interior, steady and quite rapid progress has been made during the year, thanks to the activity of Lieutenant-Governor Blas Villamor and to the effective assistance which has been furnished him by the constabulary.

At the time of my visit of inspection in 1908 I learned that the people of certain towns were planning a head-hunting raid, and not only warned them not to make it but informed them that if they did they would be severely punished. One of them did not see fit to heed my advice, and the promised punishment was meted out to them, the settlement of Uaga being absolutely obliterated and its inhabitants, none of whom were killed, scattered among other settlements and forbidden to rebuild on the old site. This lesson has had a very salutary effect.

During my 1909 inspection trip I carried out my promise to visit Magatta, whose people in 1908 offered to fight us if we attempted to come to their town, and was received in the friendliest spirit. In fact the headman met us at Bulu and sent his 8-year-old son up the river in my boat as an evidence of good faith.

There can be no doubt that steady progress is being made in solving the difficult problem presented in Apayao, and I take particular satisfaction in calling attention to the fact that it is being solved by a Filipino, especially for the reason that so few Christian Filipinos have shown any interest in the effort to improve the condition of their wild brethren in the hills, or have displayed any ability to carry on such work.

Among the few striking exceptions to this rule must be mentioned Lieutenant-Governor Blas Villamor, of Apayao; Constabulary Lieut. Máximo Meimban, stationed at Quiangan, subprovince of Ifugao; Constabulary Lieut. Escolástico G. Zapanta, stationed on the Uaua River, in the subprovince of Butuan; and former Constabulary Lieut. Manuel Fortich, now serving as assistant to the governor of the province of Agusan in the western part of the subprovince of Bukidnon.

Not only has Lieutenant Zapanta done admirable work as assistant to the governor of the province of Agusan in the upper Agusan River country but he has recently written a most intelligent, interesting, and valuable report on the customs of the little-known Manobo people. A translation of this report will soon be published in the Philippine Journal of Science.

THE PROVINCE OF NUEVA VIZCAYA.

A very radical change has been made in the boundaries of this province. Under the arrangement which previously existed the Ilongots were divided for governmental purposes between the provinces of Nueva Vizcaya, Isabela, Tayabas, Nueva Ecija, and Pangasinan. This arrangement was far from satisfactory.

The establishment of effective governmental control over the Ilongots presents very serious difficulties. It is probable that there are not less than 6,000 or 7,000 of them in all. Many of them show a large amount of Negrito blood, and as might be anticipated, they are an irresponsible, treacherous, and somewhat murderous lot, as demonstrated by the recent unprovoked murder of Dr. William Jones, of the Field Natural History Museum, near Dumabatu. They usually live in very inaccessible places where they make small clearings in the midst of virgin forests. While some of their settlements are quite permanent, many others are of a very transitory nature.

For this reason and for the further reason that sufficient labor for trail construction, or even for the maintenance of trails when constructed, is lacking in the Ilongot territory, it is not feasible to carry out the plan which has been followed in attempts to civilize other non-Christian tribes in northern Luzon and open good, low-grade horse trails along all important lines of communication. Most of the trails through the Ilongot country must be foot trails.

With a view to remedying the additional difficulty which arose from divided authority and consequent lack of definite and uniform policy, those portions of southern Isabela, northern Tayabas, northern Nueva Ecija, and northern Pangasinan inhabited by Ilongots were annexed to the province of Nueva Vizcaya.

Governor Bryant has already interested himself actively in this somewhat unruly addition to the population of his province and has made a number of long marches through the Ilongot territory. He is also learning the Ilongot language.

Ilongots along the trail from Baler, in northern Tayabas, to Bongabon, in Nueva Ecija, have been particularly vicious, and for a long time not a year has passed without their murdering inoffensive travelers on this trail.

In August, 1909, I made a trip to Baler in order to be present at an assembly of Ilongots brought together through the influence of Señor Manuel Quezon, recently elected Resident Commissioner to the United States, and had a very interesting interview with these people, in the course of which it was made very plain to them that while the government would make a special effort to see that they themselves were protected from abuses, further crimes on their part would be visited with swift and severe punishment. To the end that this promise may be made good, I am arranging to have a good horse trail constructed from Baler to Bongabon; to have a personal representative of the provincial governor take up his residence at Baler; to start a government exchange, or sales store, for the benefit of the Ilongots of this region; and to secure at the proper time the stationing at or near Baler of a small but efficient force of constabulary.

It is not believed that the difficulties encountered in establishing a good state of public order in this vicinity will be greater than those which have been overcome in the case of the Silipan Ifugaos, who formerly did so much damage on the main trail between Nueva Vizcaya and Isabela.

Very respectfully,

DEAN C. WORCESTER,
Secretary of the Interior.

To the PHILIPPINE COMMISSION,
Manila, P. I.

REPORT OF THE SECRETARY OF COMMERCE
AND POLICE.

REPORT OF THE SECRETARY OF COMMERCE AND POLICE.

DEPARTMENT OF COMMERCE AND POLICE,
Manila, November 8, 1909.

GENTLEMEN: I have the honor to make the following report of the operations of the various bureaus of the department of commerce and police for the fiscal year ended June 30, 1909, unless otherwise stated in this report:

COMMERCE.

The passage on August 5 of the so-called "Payne bill" opens the markets of the United States to the Philippine Islands, and the result should be a complete redrawing of the lines of trade and a stimulus to a new trade, the volume of which will be far in excess of anything heretofore known in these islands.

The commerce of the last year reflects the anticipation of the change, and the falling off in the volume of trade, which occurred almost entirely in the importations, is attributable to the fact that the merchants were awaiting a knowledge of the new order of things before giving their orders and getting in their stock of supplies. That this is true is evidenced by the remarkable increase in imports during the early months of the fiscal year 1910. The accompanying table showing the volume of trade indicates a marked balance of trade in favor of the Philippine Islands, due in some measure to the fact that many of the imports were held in bond and not entered. The volume of trade will be seen to have fallen off 7.7 per cent from the preceding year, measured in dollars and cents, but measured in tons the exports have increased, as the lower price of hemp shows a falling off in the value of hemp exported, although the tonnage of hemp exported shows a normal increase. The fact that the importations of rice are less than last year is a good sign. It is hoped that with the completion of the irrigation plants now in contemplation the Philippine Islands will produce all the rice needed for their own consumption and will not have to go outside for any of it.

The following table shows the exports and imports for the eleven fiscal years since the American occupation:

Year.	Imports.	Exports.	Total.
1899.....	P26,233,134	P29,280,334	P55,513,468
1900.....	41,202,876	39,642,694	80,845,570
1901.....	60,552,400	46,444,696	106,997,096
1902.....	64,058,714	49,089,716	113,148,430
1903.....	65,956,890	66,300,240	132,257,130
1904.....	66,442,502	60,452,254	126,894,756
1905.....	61,758,096	64,711,730	126,469,826
1906.....	51,598,580	63,837,084	115,435,664
1907.....	57,572,126	67,443,534	125,015,660
1908.....	61,837,490	65,659,632	127,497,122
1909.....	55,588,964	62,088,916	117,677,880

Rice importations since the American occupation, by fiscal years:

Year.	Amount.	Year.	Amount.
1899.....	P3,878,244	1905.....	P14,913,476
1900.....	6,226,846	1906.....	8,751,000
1901.....	10,981,916	1907.....	7,324,986
1902.....	13,156,962	1908.....	11,722,512
1903.....	20,122,646	1909.....	8,500,446
1904.....	23,097,628		

BUREAU OF CONSTABULARY.

CHANGE IN PERSONNEL.

On June 11, 1909, Capt. C. E. Kilbourne, U. S. Army, was detailed to act as inspector of constabulary.

Since the close of the fiscal year news has been brought of the death of Colonel Borseth in Norway. Colonel Borseth was one of the oldest constabulary officers in the service, an indefatigable worker, and was in every way a credit to the service. He enjoyed the distinction of being one of the first American provincial governors elected by vote of the people. His death is greatly deplored.

COST.

The net cost of maintaining the bureau of constabulary for the fiscal year was P3,089,942.27, as compared with P3,292,509.11 for the fiscal year ended June 30, 1908, a decrease of P202,566.84.

STRENGTH.

The strength of the constabulary at the beginning of the fiscal year was 321 officers and 4,607 men, and at the end of the year 315 officers and 4,573 men. The director, 4 of the assistant directors, and the 3 inspectors, 8 in all, are detailed from the United States Army.

OPERATIONS.

During the year 380 firearms are reported as having been captured, which were not all taken from outlaws, but include private arms held on licenses that have expired, or the bonds for which are unsatisfactory, and comes about largely as a result of the passage in 1907 of a new law with reference to licensing arms, which necessitated a thorough overhauling of the matter throughout the provinces.

Eight hundred and thirty-four stolen animals were recovered for their owners. A great number of small patrols, amounting to about 10,000 in number, were sent out during the year to patrol the highways or in search of criminals or information concerning crimes.

The constabulary, under the able direction of General Bandholtz, carried on in his absence by Colonel Harbord, has continued the excellent work noted in the last two annual reports.

DAVAO MUTINY.

The record for the year has been marred by only one untoward circumstance, namely, the mutiny at Davao, details of which will be found in the report of the director. Twenty-two men of a company of constabulary mutinied and turned their arms against their officers and the townspeople, of whom one American was killed. Sixteen of the company remained loyal, and the incident, while unfortunate, in no way reflects upon the excellence of the constabulary, its usefulness here, nor upon the plans of the Government for its continuance. The constabulary has proved itself fully equal to the needs of the service and is in full measure meeting the object for which it was organized, and is deserving of hearty governmental approval and support. It is only regrettable that the need of strict economy compels a reduction of this efficient organization, as there are demands for an increased number of constabulary from many provinces, particularly in the mountains, where so much can be done with a few men in maintaining order and attracting the non-Christian tribes to agriculture and other peaceful pursuits.

CONDITION OF ORDER.

There have been several murders and assassinations reported in the various districts during the year, but in nearly every case the constabulary soon detected the murderers and had them promptly before the courts. Organized ladronism appears to be practically at an end. There are still some small local bands of outlaws in the districts of central and southern Luzon and the Visayas, but there have been few reports of any depredations committed by them or by the two or three known leaders who are still at large.

BULACAN EXPERIMENT.

The experiment tried during the past fiscal year of withdrawing nearly all the constabulary from the province of Bulacan demonstrated how necessary the organization is for the maintenance of good order in the archipelago. The provincial governor of Bulacan stated his belief that he could preserve good order in the province with the municipal police, and the constabulary, with the exception of one officer and a very few men, was withdrawn from that province on March 24, 1908, to see what the result of the experiment would develop. The result was that the provincial governor had to devote a considerable proportion of time to matters pertaining to the maintenance of order, and in spite of this the number of crimes and robberies of carabaos increased, while the proportion of criminals detected and caught decreased. It was finally found necessary to return the constabulary to the province in September, 1909, to assist the bureau of health in stamping out the cholera, as no progress seemed to be possible in dependence on the other local authorities.

REDUCTION IN FORCE.

Throughout the year the present harmonious relations with the natives has continued, and it is creditable to the constabulary that the Assembly, which has been most insistent on the strictest economy

in government expenditure, has passed a law authorizing the increase of the pay of the constabulary enlisted men. In order to remain within the meager allowance allotted by the Legislature, the constabulary, since the close of the fiscal year, has had to reduce its force nearly 10 per cent and discontinue a number of posts, some of them of considerable importance. It is hoped that with returning prosperity and increase of resources the constabulary will be enabled to augment its forces once again.

CONSTABULARY SCHOOL.

On September 1, 1908, the school for officers was moved from Manila to Baguio, where all newly appointed officers are sent for three months' preliminary instruction upon appointment or upon arrival in the islands. The instruction consists of studies and recitations concerning the system of government in the islands, with special reference to the penal laws and the courts, and elementary instruction in military drill and exercises and in the organization and administration of constabulary affairs, as well as instruction in the Spanish language.

SCOUTS.

On account of the decrease in the strength of the constabulary, which it is intended soon to effect, scout detachments will replace the constabulary detachments in the provinces of Mindoro and Palawan, and it is hoped that scout detachments will soon replace the constabulary at Bongao and Siasi, from which places companies will be sent to Lanao to augment the constabulary force now there. In some such situations as the above, where the principal thing needed is the moral effect of the presence of troops, detachments of scouts can well be utilized, especially in the districts of Mindanao.

MUNICIPAL POLICE.

As now organized, the municipal police are but poorly paid, and are appointed by the incoming president of each municipality, holding office under the provisions of the municipal code only during his term. The period of service of the police is too short and their tenure too insecure to produce the best results, as they are only too often simply political agents or messengers of the president and can hardly be expected to prove impartial guardians of the peace.

BETTER TRANSPORTATION NEEDED.

It unquestionably will pay the insular government to give the higher officials of the constabulary better facilities for transportation, in order that they may have ample means and sufficient time to make their inspections in a careful and thorough manner. Six motor cycles have been purchased by the constabulary and eight small motor boats have been gotten for the use of some of the senior inspectors for the larger and more important provinces. As the means of communication are rapidly becoming better as the roads and bridges improve, this whole question of furnishing the senior inspectors with motor cycles in order to make more frequent trips of inspection is receiving the careful consideration of the undersigned.

RAILROADS.

MANILA RAILROAD COMPANY.

By Act No. 1905, passed May 19, 1909, a franchise was granted to the Manila Railroad Company for approximately 260 kilometers (161.46 miles) of new track. The government, under authority granted by the act of Congress approved February 6, 1905, entitled "The Cooper law," has agreed to guarantee the payment of 4 per cent per annum interest on bonds to be issued for the construction of the lines south of Manila and the new branch lines authorized by this act, up to the limit of the amount available for such guaranty under the terms of said act of Congress. This assures a continuous line approximately 760 kilometers (471.96 miles) long from La Union in the northwest to Tabaco, Albay, in the southeast of Luzon, which, with branches, will aggregate a total of 1,355 kilometers (840 miles) on this island. Not less important is the fact that the railway line will cross the Pasig River and connect with the new docks and the deep-water harbor of Manila, thus insuring in the near future that the cost of loading and unloading foreign freight in that port will be lessened. The railroad company agrees also to build to Baguio, although the route to be taken has been left open in order to give the engineers an opportunity to make a thorough study of the available routes from their lines in the lowlands of Pangasinan or La Union before determining the route. The railroad company has until September 12, 1918, to construct all lines, the franchise for which has been granted by Acts Nos. 1510, 1905, and 1966. The contract for this franchise was signed by the Acting Governor-General, on behalf of the Philippine government, and forwarded to Washington on June 26, 1909. Up to date no notice has been received of the acceptance by the railroad of this concession, but it is understood that the documents are still in the course of preparation and that the signatures will not be long delayed.

During the fiscal year 1909 the Manila Railroad Company completed 13.1 kilometers (8.1 miles) of grading, 48.4 kilometers (30 miles) of track laid, and 66 kilometers (41 miles) of track opened for operation, as compared with 166 kilometers (102.9 miles) of grading, 147 kilometers (91.1 miles) of track laid, and 137 kilometers (84.9 miles) of track put in operation during the fiscal year 1908.

Toward the end of the fiscal year the railroad suffered somewhat from a strike on the part of their engineers and firemen, which lasted for six weeks during April and May. This has been peaceably settled and no further trouble is expected.

PHILIPPINE RAILWAY COMPANY.

Cebu.—Ninety-five kilometers (59 miles) of track in Cebu were in operation at the end of the fiscal year 1908. The year's work on this line has been confined to final ballasting, finishing the bridges, a few stations, and a short amount of sidings.

Panay.—On Panay during the past fiscal year 28.5 kilometers (17.7 miles) were graded, 24 kilometers (14.9 miles) of track laid, and 32.2 kilometers (20 miles) opened for operation, making a total of 64.4 kilometers (40 miles) now open, as compared with 18 kilometers (11.2 miles) graded, 40.6 kilometers (25.2 miles) of track laid, and 32.2 kilometers (20 miles) in operation during 1908.

The Iloilo terminal at Lapus Lapus has been almost completed, and upon the completion of the improvements of the port that are now under way, the Philippine Railway will have exceptional dock facilities both on Cebu and Panay. Owing to the high cost of the buildings at Lapus Lapus and the large amount of bridge work necessary, the lines in Panay have cost at the rate of ₱88,199 per kilometer (₱142,000 per mile). This is higher than the rate mentioned in my annual report of 1907 and considerably higher than was expected.

The results from operation of the lines in Cebu and Panay have not as yet been entirely satisfactory, the net earnings per kilometer per year being but ₱346.67 (per mile, ₱554.44) on Cebu, and ₱397.71 per kilometer per year (per mile, ₱646.28) on Panay. This appears to have been due in a large degree to the initial policy of the company in charging too high passenger and freight rates. Recently these have been lowered somewhat and receipts have gone up in consequence, but it is believed that a further decrease could be made with advantage to the railway.

Under the able management of the present vice-president and chief engineer traffic is now being encouraged in every way. The railway company, with the assistance of the bureau of agriculture, has been distributing maguey plants free of charge to the natives in Cebu and Panay. A maguey stripping machine has been set up on a car and is run from station to station to clean the fiber for the public free of charge, with the result that there has been a large increase in the output of this fiber, which has been beneficial both to the railway and to the natives. The railroad is also doing its best to interest the natives in high-grade tobacco culture, poultry and egg raising for the market, cultivation of the sesame beans, and the planting and harvesting of kapok. A quick, cheap suburban service and a small ferry across the river from the railway terminal to Iloilo have been established with good results.

Negros.—Construction has not yet begun on the island of Negros.

EARNINGS.

The following table shows the earnings of the various systems during the fiscal years 1908 and 1909:

	Gross earnings, 1908.	Gross earnings, 1909.	Operating ex- penses, 1908.	Operating ex- penses, 1909.
Manila R. R.	₱2,179,532.97	₱2,152,738.28	₱1,001,721.75	₱1,027,296.16
Philippine Ry.	52,087.78	226,215.47	55,703.42	177,926.21
Manila Electric Ry.	1,060,615.27	1,026,376.20	569,398.78	594,662.78
Manila Suburban Rys.	158,432.55	190,756.00	71,954.30	95,823.99
Tarlac Ry.	23,057.98	25,883.92	16,086.87	32,530.22
Daet Tramway.	14,531.01	16,938.40	12,708.44	12,542.73
	Net earnings, 1908.	Net earnings, 1909.	Gross earnings per kilometer, 1909.	Net earnings per kilometer, 1909.
Manila R. R.	₱1,177,811.22	₱1,125,442.12	₱6,412.69	₱3,398.81
Philippine Ry.	a 365.64	43,289.26	1,615.82	344.92
Manila Electric Ry.	491,216.49	431,713.42	25,788.35	10,847.08
Manila Suburban Rys.	86,478.25	94,932.01	19,268.29	9,589.01
Tarlac Ry.	6,971.11	a 6,646.30	1,257.72	a 322.95
Daet Tramway.	1,822.57	4,395.67	2,339.56	607.14

a Deficit.

NOTE.—Figures for Manila Railroad are for calendar years 1907 and 1908.

BUREAU OF PUBLIC WORKS.

CHANGES IN PERSONNEL.

During the fiscal year Governor-General Smith exercised his powers of consolidating offices and augmented the salary of the position of director of public works to \$10,000 United States currency annually. To this position Maj. James F. Case, who was just completing the successful construction of the sewer and waterworks systems of the City of Manila, received the appointment.

Mr. J. W. Beardsley, who had previously occupied that position, was appointed, at the same salary of \$6,000 United States currency, consulting irrigation engineer, in which capacity his excellence as an engineer was of great service to the government, and he was sent to study the irrigation systems of other countries. Mr. Beardsley sent complete, thorough, and very valuable reports in regard to the irrigation methods in Java, Burmah, India, and Egypt. Since the end of the fiscal year, upon his return to the United States, he sent in his resignation, which was accepted, to take effect October 15, 1909.

Mr. C. G. Wrentmore was appointed assistant director September 2, 1908.

Following the appointment of Major Case as director of public works, the disorganized force of the bureau was immediately put under an entirely new system; a large force of engineers was sent for to the United States; a careful process of weeding out was undertaken, and the whole personnel reorganized. Standard forms of construction were adopted, as was also a system of division of roads into different classes, designed to meet different kinds of conditions, amount of traffic, etc. A very thorough report on the whole road situation was prepared by a competent committee.

Mr. Warwick Greene, who had been unofficial secretary to the undersigned, was given the position of assistant to the director of public works, at a salary of \$4,200, and the general supervision of the whole road situation was turned over to his direction.

ROAD POLICY.

The policy of the government is to construct roads only in those sections where they are most needed for the transportation of crops in cultivated sections, in order to develop the products of the population as now distributed, and repair and maintain existing roads rather than to open up new territories by constructing new ones. Particular emphasis is laid upon maintenance, and the rule will be made that if the value of property invested in roads is lost through failure to properly maintain the same the same degree of culpability will attach to the responsible officer as for the loss of provincial money. A ledger has been opened for roads, with appraisal of the value of each road, and in which is to be entered the value after each inspection, any deterioration to be appraised and there recorded. With riper experience the government is adopting a policy of the construction of roads of a more durable class. This means that the mileage will have to creep very slowly throughout the islands, but it also means that, the roads once completed, the cost of maintenance will be less and their serviceability greater.

The benefits of these good roads are keenly realized by the people. The completion of a good road is immediately followed by a great increase in traffic and by a demand for broad-tired cart wheels, shops for manufacturing which rapidly spring up along the lines of these roads. Examples of the practical use of this road construction are coming daily to hand. In the province of La Union people have adopted the custom, in carrying freight from Naguilian to San Fernando, of taking as much as a cart will carry over the bad roads, leave it at Bauan, and return to Naguilian for another load. At Bauan they place the two loads on one cart and haul it over the first-class road which exists from there to the capital of the province, San Fernando. In Negros our information is to the effect that the cost of taking sugar from the interior farms over one stretch of road which has been put in first-class condition is now one-fourth what it was before the road was improved. In Pangasinan and in the Ilocos provinces, where the improvement of roads is well advanced, the former cartload is doubled and tripled on the new roads and two to three times the former distance covered in a day. Similar results are being reported from Albay and other places.

The report of the road committee indicates that the present necessities of the provinces require the existence of 2,337 kilometers (1,452 miles) of first-class roads, at an estimated cost of about ₱14,000,000; 3,351 kilometers (2,082 miles) of second-class roads, at a cost of approximately ₱16,000,000; and 3,000 kilometers (1,864 miles) of third-class roads, at a cost of approximately ₱8,000,000; or a total of 8,710 kilometers (5,412 miles), at an estimated cost of ₱38,000,000. It is probable that as our familiarity with the road problem increases a reclassification will be necessary and it is probable that the figures of cost indicated above will fall very much below the amount which it will be found advisable to spend in the construction of our roads. The engineers estimate that at the present rate of receipts it will be seventeen years before we shall have completed the necessary roads. It is probable that as soon as our road policy has crystallized itself into more definite form this department will ask for the authority to issue bonds against road construction in order to get the most necessary roads completed and the connections from province to province put through, and thus give to a people willing to work that stimulus to labor which comes from a means of marketing their products.

BUREAU EXPENDITURES.

The following sums were expended during the past fiscal year under the direction of the bureau of public works:

Roads and bridges.....	₱5,288,028.03
Buildings.....	1,500,830.93
Irrigation.....	171,602.49
Artesian wells.....	129,345.31
Total.....	7,089,806.76

Or almost one-quarter of the entire revenue of the insular, provincial, and municipal governments.

INCREASE IN FORCE.

The great increase in the work of the bureau necessitated raising the force from 272 employees on June 30, 1908, to 860 on June 30, 1909, an increase of 588 employees. At one time there were over 15,000 laborers employed on road and bridge work alone.

ROADS AND BRIDGES.

For the year 1909 ₱1,500,000 were appropriated for roads and bridges. The entire appropriation for 1909 is allottable in the discretion of the secretary of commerce and police among the provinces adopting the double cedula and guaranteeing the maintenance of first-class roads. Out of the ₱1,500,000 the secretary of commerce and police allotted ₱1,000,000 among the provinces on the basis of their population and ₱500,000 for general purposes, such as the manufacture of broad-tired cart wheels for sale in the provinces, the purchase of equipment, a reserve supply of road equipment and machinery, that provinces need not have to wait for the same to be brought from the United States when ordered, prizes to the provinces making the greatest progress in roads, prizes for the best caminero, badges, and insignia for all camineros.

Provincial appropriations.—The main revenue of the provincial road and bridge fund is obtained from the double cedula tax, which last year yielded ₱1,519,662 for roads and bridges. The option of doubling the cedula tax (the additional peso going into the provincial road and bridge fund) was exercised by all the provinces except four for the calendar year 1908, by all except one for the calendar year 1909, and by every regular province for the calendar year 1910. The fact that every elected provincial board in the islands voluntarily increased the poll tax this year indicates the firm hold which the good roads movement has taken among the Filipino people. The Legislature passed Act No. 1932, which provides that 30 per cent of the double cedula shall be spent for roads and bridges within the limits of the municipality in which collected.

First-class roads.—The greater part of the money spent on roads has been spent in the construction and repair of first-class roads and the construction of steel and reenforced concrete bridges. First-class roads are defined to be those which possess substantial foundations and a durable and continuous surfacing. Under the present standard of construction the roads completed cost from ₱4,000 to ₱15,000 per kilometer and in exceptional cases more, according to the width of surfacing and other factors. The average cost approximates ₱9,500, including ordinary bridge structures. The length of declared first-class roads on June 30, 1908, was 395 kilometers, and on June 30, 1909, 551.5 kilometers, an increase of 156.5 during the year, and with the Benguet road, making a total of 584.5 kilometers in the islands. Eighty-eight kilometers of first-class road were reported completed, though not yet formally designated first-class, and 230 kilometers were reported under construction on June 30, 1909. It is safe to say that there are at present nearly 700 kilometers of hard surfaced road in the islands, and that the next rainy season will find over 1,000 kilometers ready for traffic.

Bridges.—During the year 31 steel bridges, with a total span of 1,080 meters, were constructed, and 203 concrete bridges, with a total span of 2,059 meters, were constructed, at a total cost of ₱1,612,900.

Maintenance.—The appropriate maintenance of all first-class roads is now guaranteed by the provincial board of each regular province by a continuing annual appropriation of ₱350 per kilometer. The cost figures compiled in the bureau indicate that the annual cost of maintenance will probably average more than twice this sum, but so far no difficulty has been experienced in securing from the provincial boards the appropriation of the additional sums necessary.

BUILDINGS.

During the year 42 buildings were completed, at a total cost of ₱1,141,700.91, and 21 buildings were under construction on June 30, at a total cost of ₱1,176,344.46. The greater part of these buildings are constructed of reenforced concrete. The most noteworthy is the general hospital and medical school in the City of Manila, aggregating a million pesos. Reenforced concrete provincial buildings were constructed for the provinces of Pampanga, Rizal, La Laguna, Tayabas, and Albay, and are under construction for Isabela, Cagayan, and Tarlac.

IRRIGATION.

No active construction work was begun during the past year, although the general investigation of the irrigation projects in the islands begun in the fiscal year 1908 was continued, and about ₱155,000 spent on these investigations. From the appropriations of ₱250,000 in 1908 and ₱500,000 in 1909 there remains a balance of ₱595,000, which, with the continuing annual appropriation of ₱750,000 beginning 1910, will make about ₱1,345,000 available for the coming year, when active construction work should commence. Final plans on the San Miguel irrigation project, province of Tarlac, estimated cost ₱300,000, have been completed, and construction will begin as soon as weather conditions permit.

The proper method of reimbursement, the regulation of water charges, etc., has not yet been fully worked out. The services of Mr. A. E. Chandler were secured from the United States Reclamation Service, and with his aid two bills were prepared which are to be submitted to the Legislature this coming session. One provides for a legal procedure for declaring irrigation districts and collecting the water dues on government-aided irrigation projects, and the other amends the present law of waters by providing for the method of granting concessions for beneficial use of waters.

Of the ₱60,000 appropriated for irrigation work on the friar lands estates, allotments of ₱31,200 were made for work in Cavite and La Laguna, which is now nearly finished.

ARTESIAN WELLS.

During the past year 50 successful wells were drilled, ranging from 20 to 250 meters in depth, 11 with steam rigs and 39 with hand rigs. The total amount of drilling was 4,071 meters (13,359 feet), of which

2,619 meters (8,596 feet) was for successful wells. The average cost per meter of all drilling was about ₱30.

These wells are very popular, and the people will often travel several miles to get water from them. Requests for wells are received faster than it is possible to drill them with the funds available. Three new rigs of a modern type have been ordered from the United States, and are expected during the present year. This makes a total of seven deep-boring well rigs.

BENGUET ROAD.

During the past year five steel bridges, with an aggregate span of 354.11 meters, were erected on the Benguet road:

The Benguet road suffered severely from typhoons in October, 1908, and was closed for about six weeks. It is estimated that 35,000 cubic meters of material from slides had to be removed.

An investigation of the road by two engineers from Hongkong indicated that there is a very favorable location for putting in a cable road from near Colgan's camp to the old Benguet road, thus avoiding the zigzag.

BAGUIO.

The development of Baguio as a health resort and summer capital has been advancing slowly year by year. Through the energy and foresight of Mr. Warwick Greene, unofficial assistant to the secretary of commerce and police, the government purchased five large Stanley automobiles to take passengers from the end of the railroad at Camp One to Baguio, and established a service which resulted in cutting down the length of the voyage from the foot to the top of the mountain to a delightful trip of two hours, which was made without break or accident throughout the year, more than 2,000 passengers receiving prompt and efficient service. This has removed one of the greatest obstacles to Baguio's progress; but the high cost of the trip, which was left the same as when it had to be done by mules, namely, 10 pesos, has tended to discourage people from making homes in the mountains. This high price has been necessary, as the machines have had to repay the cost of their purchase, there having been no appropriation made for them, and this has been largely done, although the cost of the maintenance of the service, construction of the necessary garages and other buildings at the terminals have taken a considerable additional sum of money.

It has been found by experience that the surface water of Baguio contains substances that have an injurious effect for drinking purposes which are not relieved by boiling, being mineral in their nature. During the year the army established an ice and distilling plant in Baguio, and with the use of distilled water all evidences of complaints which deterred many from going to Baguio on account of their experience in previous years have disappeared.

As soon as the decision was reached to move the bureaus of the government to Baguio, measures were undertaken for the construction of nine public buildings for Baguio, to be ready for the spring of 1910, which would give office room and accommodation for 600 employees and officers of the government and for most of the bureaus.

Arrangements were made for increasing the transportation facilities to be ready to move the government to Baguio for the next hot season.

The development of Baguio has proceeded along the lines laid out by Mr. Burnham, and the location of the group of government buildings is in general accordance with the plan presented by him, except that his plan called for more extensive leveling, terracing, and arranging of the grounds than the present plans and condition of the insular treasury would justify, the present group of buildings having been placed on what will be the plaza between the buildings which will later compose the permanent group. The leveling now being done will be useful in the ultimate development which will be left until the government may have tried out the working of the present plan and have seen by experience what use it is economical to make of Baguio.

The new concession of the Manila Railroad Company provides for the construction of a road to Baguio. Thus the connection with Baguio by rail is assured, although the time given for the completion of the road has been necessarily liberal.

Unfortunately, on October 17, 1909, a destructive typhoon passed across northern Luzon, inducing a rainfall in the neighborhood of Baguio unprecedented so far as any available records indicate. A total of 18 inches rainfall in nine hours and of 26 inches in twenty-four hours present the highest known total and the greatest down-pour of rain of which we have any record. Under these extraordinary circumstances the Bued River rose about 50 feet, or nearly twice as high as ever known before, tearing down trees and rocks in its course and carrying away four of the largest bridges of the road. Three of them were of temporary material, but one was one of the smaller new steel bridges. The road was seriously damaged and closed for traffic and will probably remain so for six weeks.

This makes a serious complication toward the completion of the government buildings, for which the time was not adequate, and will result in several new problems in regard to the Benguet road. It is fortunate that this experience has come before the construction of the railroad rather than afterward. The line from San Fabian to Camp One was washed away for a distance of 5 kilometers, and had the expensive construction up the canyon been undertaken the loss to the railroad might have been serious.

CONSULTING ARCHITECT.

The magnitude of the work done by this office during the past fiscal year shows the necessity of getting a well-trained assistant architect. The employment of such assistant has been authorized, and on October 14, 1909, Mr. Louis E. Marié was appointed assistant architect.

The increase in the amount of work done by this office is shown by the following table:

Year.	Number of projects.	Involving a total of—
1907.....	74	P3,193,820.50
1908.....	107	4,507,390.00
1909.....	144	4,840,909.00

The number of projects has increased 37 over last year. Recommendations and reports were also made in 42 other projects.

COST.

The cost of the running expenses of this office for the fiscal year was ₱48,401.66. The cost for completed plans is shown to be very low, being ₱27,714.07 on buildings aggregating a total of ₱1,412,304, or 1.9 per cent.

SCOPE OF WORK.

In addition to the work on plans for public buildings throughout the islands, the consulting architect has supervision over the general park and street scheme of Manila.

WORK DONE.

The municipal board has adopted the plans prepared in this office for the street system of Paco and Pandacan, which follow the main idea contained in the "Burnham plan," modifying it only in so far as necessitated by the change in the location of the railroad and south terminal station in Paco, and still preserving the general lines of that plan in the extension of the Azcarraga-Iris boulevard across the Pasig River, through Pandacan and Malate, with a radial boulevard from the capitol to the railroad station. Plans for parking this boulevard, planting grass plats and trees, have been prepared, and more than 900 trees have been planted along the streets of Manila in accordance with the advice of the consulting architect.

The parking of the moat around the Walled City continues satisfactorily. The new Luneta, which is being rapidly filled in, in accordance with the general plans of this office, will probably be finished within the next half year. Plans have been made by the consulting architect for the new Manila Hotel and for the Elks' Club, on the wings of the new Luneta extension, both of which buildings are in process of construction.

Preliminary plans for the construction of the capitol building on Wallace field have been submitted to the legislative committee in charge of this project, and on May 21, 1909, a formal dedication of the site was held, on which a concrete block was placed to mark the site on which the center of the dome of the capitol will be placed.

BUREAU OF POSTS.

CHANGE IN PERSONNEL.

On May 14 Mr. William T. Nolting, who had served as postmaster of Manila and later as assistant director of posts, was promoted to special agent of the Governor-General.

COST.

The total expenditures of the bureau of posts were ₱1,346,631.51 as compared with ₱1,265,816.81 for the fiscal year 1908, an increase of ₱80,814.70. The total receipts were ₱813,020.01 as compared with ₱756,146.08 for the fiscal year 1908, an increase of ₱56,873.93, making the net cost ₱533,611.50 as compared with ₱509,670.73 for

the fiscal year 1908, an increase of ₱23,940.77. The appropriation for the fiscal year 1909 was ₱688,000, the same as for the fiscal year 1908.

NUMBER OF POST-OFFICES AND PERSONNEL.

On June 30, 1909, 553 post-offices were in operation, an increase of 13 during the year, and the personnel of the bureau, including mail carriers and contractors, had increased from 1,624 to 1,661, of whom nearly 88 per cent are Filipinos, an increase in the ratio of Filipino to American employees of 3 per cent during the year.

POSTAL DIVISION.

The work of this division shows a gratifying increase. There is a material increase and betterment in the interisland mail service; mails are now carried on 15 regular interisland contract steamer routes, on 8 bureau of navigation secondary routes, and on a large number of commercial steamers, not under contract. Mail service has also been established on the Philippine Railway lines in Cebu and Panay and on the new lines of the Manila Railroad Company. During the year there was an increase of 9 per cent in the number of mails received by the Manila office from the provinces, 19,702 mails having been received in 1909, and an increase of 6.2 per cent in the number of mails dispatched from Manila to the provinces, the number of such mails being 22,374 in 1909.

Free-delivery letter service is now offered to the public in 35 municipalities outside of Manila, an increase of four municipalities during the year.

An increase of 14 per cent is also shown in the amount of mail registered at Philippine offices, the total number of pieces being 379,062 in 1909.

AUTOMOBILE SERVICE FROM CAMP ONE TO BAGUIO.

Five Stanley automobiles of the mountain type were ordered for this service early in the fiscal year, and although all of them had not arrived until April 8, 1909, the service rendered from March 1 to April 30 assisted greatly in handling government business while the Commission was in Baguio, and the gross earnings amounted to ₱11,548.17. On May 1 the automobiles were transferred to the bureau of public works, by which bureau they are now being operated.

MONEY-ORDER DIVISION.

The money-order business continues to steadily increase; 126,148 orders were issued during the fiscal year, an increase of 18,397 over the previous year, and an increase in amount of ₱727,109.70. The total value of all orders issued during the year was ₱8,017,355.96. There were 79 money-order offices at the end of the year, an increase of 11.

TELEGRAPH DIVISION.

The number of kilometers of insular telegraph lines on June 30, 1909, were 5,161.2, of telephone 3,325.6, and of cables 1,861.67, as compared with 4,898, 3,468.8, and 2,176 on June 30, 1908, a net decrease on all lines of 194.33 kilometers during the year.

The cable service gave a good deal of trouble, due to the age and condition of the cables which had been transferred to the government by the army on October 4, 1907. These cables were originally intended for temporary military use only, and are worn out. During the past year 11 breaks have been repaired, but Zamboanga has been cut off since January, 1908, except for the army wireless apparatus at Malabang. As this instrument, however, was not large enough to do more than the business of the army and civil government, commercial communication by telegraph has been practically cut off between Zamboanga and the northern islands for nearly two years. The government has purchased a high-power wireless apparatus to be placed at Malabang, which will remedy this difficulty and should give us practical experience of value in the consideration of further wireless installations. No new cables nor reserves have been on hand this year, so the cable between Maasin and Surigao, which was badly damaged, and the remnants of serviceable cable between Malabang and Zamboanga have been recovered and used for patching other cables when serious breaks occurred. One hundred and fifty miles of cable were ordered in May, 1909, and upon delivery in the islands it is hoped the entire service may be put in good shape once more.

As on October 4 the two years' agreement with the army for the use of the cable ship *Liscum* expired, the government purchased a steamer, which has been named the *Rizal*, for cable-repair work. The *Liscum's* cable machinery will be transferred to the insular government and placed in the *Rizal* under certain conditions by which it may still be used for army fortification cable work when necessary.

During the year the army wireless stations at Zamboanga and Jolo were transferred to the government and are now being operated by the bureau of posts.

The plan commented on in the last report of this department for transferring all telephone lines to the provinces for maintenance and operation has been carried out with some success, 25 provinces having decided to take over the immediate control of the lines within their jurisdiction, 3 having decided to have the bureau of posts continue the maintenance of the lines and charge them with the cost of the same, while 1 province has decided to give up the telephone system and have it converted into telegraph.

POSTAL SAVINGS BANK.

The postal savings bank has had a very successful year, the following figures being of interest as showing the gains made:

On June 30, 1909, there were 251 banks in operation, a net increase during the year of 6. At the end of the previous fiscal year there were 12 first-class, 106 second-class, and 127 third-class banks in operation, while at the end of this one there were 20 first-class, 99 second-class, and 132 third-class banks in operation. The increase in the number of accounts during the year amounted to 3,393, while the deposits had increased ₱416,964.52.

Since the organization of the bank the percentage of Filipino depositors to the total of all depositors has been: 1907, 35 per cent; 1908, 44.84 per cent; 1909, 56.10 per cent. During the same period the percentage of American depositors has decreased from 60.4 per cent to 38.51 per cent.

The gain in the number of first-class banks should be noted as a good sign, indicating as it does the large increase in the usefulness that the bank has made throughout the provinces during the past year, while the increase in the percentage of Filipino depositors shows that the bank is fulfilling the functions for which it is intended, namely, to encourage a habit of saving among the Filipinos and especially among the poorer classes.

BUREAU OF NAVIGATION.

CHANGE IN PERSONNEL.

On June 5, 1909, Lieutenant-Commander Bertolette was relieved from further service with the civil government and Mr. J. S. Reis was appointed assistant director of navigation.

COST.

The total current expenditures for the bureau of navigation were ₱1,754,486.74, as compared with ₱1,665,344.09 for the fiscal year 1908.

The earnings for services were ₱422,171.84, as compared with ₱437,994.33 for the fiscal year 1908, a decrease of ₱15,822.49, making the net cost ₱1,332,314.90, as compared with ₱1,227,349.76 for the fiscal year 1908. This increase is due to the purchase and operation of two additional vessels during 1909. The earnings stated include ₱85,667.45 accounts receivable pertaining to 1909 business and ₱15,482.75 pertaining to 1908 business.

The appropriation for 1909 was ₱1,235,000, as compared with ₱1,288,000 for 1908.

DIVISION OF VESSELS.

As compared with the preceding year, seagoing vessels visited during the year 5,316 ports, an increase of 266; carried 25,973 passengers, an increase of 10,677, and 11,162 tons of freight, an increase of 4,620, and steamed 307,826 miles, an increase of 14,918 miles. The operation of more vessels accounts for the greater number of calls at ports and the increased passenger and freight business. On the run between Dagupan, San Fernando, Candon, Tagudin, and Vigan there was an increased traffic of 4,610 passengers and 2,430 tons of freight. The vessel on that run, however, operated only six months in the fiscal year 1908.

During the year the repair shop on Engineer Island has been enlarged and the machinery improved, so that now it is ready to construct and repair practically any sort of machinery. With the great increase in heavy road and agricultural machinery that has taken place in the past few years in these islands, it has become more and more necessary to have a large central government repair shop at Manila. It is believed that the repair shops on Engineer Island will serve this purpose admirably, and preparations are being made there with this in view. A repair shop for government automobiles is now in process of construction. Probably in time the provinces will have their own machine shops, but for some time to come they will have to send to Manila for their heavy repair work.

The past year has shown also the necessity of having larger dry-dock facilities for the division and for the port works. It has been

found impossible with the facilities at hand on Engineer Island to keep the fleet in good repair, and it has been necessary to send barges and lighters to private firms for repair, which has meant an expense of almost double the amount for which they could have been repaired in the government dock. The dry dock on the north side of the Pasig River, the license of which to the army expired on July 10, 1909, might answer the needs of this bureau admirably. This dry dock was leased to the army three years ago with the express agreement that whenever it was not urgently needed by the army it could be used by the civil government. During the term of this license the civil government has never been able to use the dry dock, as the army needed it practically all the time for the repair of their own fleet. Arrangements have been made by which the government has had the use of this dry dock for the past two months, and it is hoped that some arrangement can be made by which the bureau of navigation will have at least for the time being the use of this dock.

Interisland transportation office.—The policy of maintaining secondary routes has been extended with generally satisfactory results. These routes are supplementary to the routes of the contract steamers and the two sets of routes are mutually beneficial. It means better communication, more regular service, and cheaper rates throughout the islands. Routes connecting with the Celebes Island and Borneo, which had been established, were found to be unprofitable and were discontinued during the year.

Under the supervision of this office the interisland contract boats are improved steadily, the traffic is increasing to a very large extent, and the boats are usually overcrowded. It is believed that in the near future new and fast boats will be bought by the contract companies to meet the demands of the public.

LIGHT-HOUSE DIVISION.

During the year 12 new lights, 10 additional beacons, and 5 buoys were established; 1 minor light, 7 beacons, and 2 buoys were discontinued, making a net total at the end of the fiscal year of 139 lights, 53 beacons, and 125 buoys for the islands. On February 19, 1909, Mr. Moody, the light-house engineer, resigned his position, and since June 2, 1909, the head of the division of port works has had the light-house division under his control. The light-houses and other buildings of light materials are being replaced with structures of reenforced concrete as fast as funds are available for the purpose.

DIVISION OF PORT WORKS.

During the past year ₱1,239,588.68 were expended on port works, most of the work being at the ports of Manila, Iloilo, and Cebu.

Manila.—The channel of the Pasig River has been maintained by constant dredging, and the work of deepening the esteros for the improvement of sanitary conditions and transporation has been started.

The efficiency of the dredging plant has been so increased that the government will be able to utilize a portion of the plant, formerly required for Manila, on the improvement of other harbors.

The portion of the Pasig River wall which collapsed, due to faulty construction by a previous city engineer, has been removed, and preparations have been made for replacing it.

Manila Harbor.—During the year there has been some agitation in regard to the merits of the harbor of Manila. Two captains of steamships—the captain of the *Asia* on December 26, 1908, and the captain of the *Nikko Maru* on December 28, 1908—in maneuvering their vessels steamed out of the dredged area in spite of the existence of absolutely accurate charts, and in both cases touched either obstructions or the bottom. The captains of these vessels reported the fact of having touched to other captains, with the result that doubt was cast upon the accuracy of the representations of the government in regard to the port. The undersigned invited the Manila newspapers to select a representative party of people whose support was important to make a complete investigation of the condition of the harbor and take soundings, which was forthwith done, the depth of the harbor being in every instance verified and found to be in many cases deeper than reported in the government charts. The silting was found to have been negligible and the harbor exactly as represented and carrying an average depth of 30 feet at mean low water and in many places more. Several of the largest steamships having agencies here, notably the steamships of the Pacific Mail and the Great Northern Steamship Company, and others, having lent ear to the misrepresentations in regard to the harbor, refused to bring their vessels in until the government prevailed upon the captains of the largest steamships to make personal investigations, and in every case they found the harbor to be as represented, and the steamers were forthwith brought in. At the time of writing I am glad to be able to report that no steamship that visits the Philippine Islands now remains outside the breakwater, but all come freely in, although drawing up to the full depth of the harbor, namely, 30 feet. There is ample room within the breakwater for a considerably larger number of vessels than we are called upon to accommodate, and the size and depth of the harbor as at present laid out are sufficient to accommodate the present needs of the foreign commerce of the city.

Many capable and able observers are of the opinion that the entrance to the harbor should be changed, that the opening in the breakwater should be closed, and a new entrance dredged around the south end of the detached breakwater, thus doing away with the rough section which is often to be found in the waters directly behind the gap in the breakwater during the southwest monsoon. There is no doubt that this would add to the harbor a considerable area of protected water where loading and unloading could be carried on advantageously, which area with the present arrangement must be either abandoned or the vessels loaded and unloaded at a disadvantage in certain weathers. It is possible that the same object could be obtained more advantageously by extending the existing breakwater so as to partially close the gap and at the same time forming wing protection to the entrance, so that one would enter the harbor as through the neck of a bottle. As the necessity becomes more urgent, as the harbor fills with more shipping, and as our resources increase, it is possible that some measure for the further improvement of the harbor in this respect will be undertaken.

The two steel and concrete wharves of the government, including the sheds, were completed about June 1, 1909. Wharf B is 600 feet long, 70 feet wide, completely covered with a steel and galvanized-iron shed. Wharf A is 650 feet long, 110 feet wide, and built simi-

larly to wharf B. The cost of these wharves was ₱1,237,518.71. Each wharf contains a double railroad track running down the center of a gauge of 3 feet and 6 inches. Unfortunately the transportation conditions within the City of Manila are such as to prevent the general use of these wharves for the landing of merchandise. It is found that at present almost all of the importations must be carried to warehouses in the congested districts of Binondo and San Nicolas, immediately north of the Pasig River. The means of communication from the north to the south side of the Pasig River are such—the bridges are so few, so narrow, and the approaches are so steep—that merchants can not afford to send their wares over these bridges. Steamers desiring to load for interisland ports find it necessary to wait until they can get a place to load on the north bank, as freight will not come across the river to load on the south side. Much less will it cross the river to go the long route around the Walled City and out on the new filled-in land to reach the new deep-water wharves.

The new concession of the Manila Railroad Company provides for the construction of a rail connection across the Pasig to these wharves. The construction of a new bridge across the Pasig, which the undersigned, as secretary of commerce and police, has vainly endeavored to secure the past four years is thus proved to be necessary to the transfer of the commercial houses to the suitable sites now available for use on the south side of the river. It is possible that a combination of a railroad and carriage bridge will meet the requirements of the situation, and as soon as the construction of such a bridge can be completed commerce should begin to receive the vivifying influence of modern transportation facilities.

At present only a few steamers, mostly those importing cattle, use these wharves, and the rails on the wharves themselves have no connection with any lines on the land.

On the 124.7 hectares (308.13 acres) of land reclaimed in the improvement of the port, no improvements have yet been made. The business is all on the other side of the river and has not yet begun to cross, nor, as explained above, can it conveniently get across. In order to set an example, the insular government ordered the construction of the warehouses of the bureau of supply on the filled-in land close to one of the new wharves. The army has as yet put up only one or two buildings upon their reservation, and these are of temporary material. This is explained by their failure to secure appropriations for the permanent structures desired, and also by the fact that there has been some delay in regard to the settlement of the exact boundaries of the army reservation, as the first reservation did not conform to the street lines later adopted by the city, and before a joint recommendation can be made for it a general agreement has to be reached in regard to the exact number of acres which should be allotted to the army, which matter is now in process of settlement by means of negotiations between the representatives of the army and the civil government.

Iloilo.—Further improvement of the port of Iloilo is in progress. The project contemplates a 24-foot channel in the lower river; an 18-foot channel in the middle river; a 15-foot channel in the upper river; the construction of inner walls on the middle river; and sufficient wharfage on the lower river to accommodate two ocean-going

vessels. A conservative estimate, based upon Iloilo customs statistics, gives the probable saving to merchants and transportation companies upon the completion of this project as ₱315,000 per annum.

The work on the quay walls, the contract for which was mentioned in last year's report, advanced so slowly that the government has been forced to assume control and is now doing the work by administration. About 300 linear feet of quay wall has been completed at a lower cost than would have been possible under the contract. It is the intention of the government to deepen the river channel as projected, and ₱250,000 has been allotted by the undersigned for this work from the ₱600,000 made available by Act No. 1954.

Cebu.—The annual saving effected to the commerce of Cebu by reason of the facilities offered by the port works already completed is conservatively estimated to have been ₱260,000 in spite of the lack of good facilities for handling merchandise once landed.

The determination of the exact site for the construction of the custom-house in Cebu was only made after the close of the fiscal year. The delay in reaching the decision as to this site has somewhat delayed the completion of the streets adjoining the water front, but since this has been selected a great deal of work has been done. The railway company has laid rails adjoining the dock fronts and a contract has been entered into for the completion of the street and the construction of an arrastre plant. The government owns all the tracks along the water front and has an agreement with the railroad for joint operation.

Any further improvements of the port will be toward the north, making more wharf space available for deep draft vessels in any weather.

Investigation of smaller ports.—Since 1905 to the beginning of the fiscal year 1909, 29 ports were surveyed and investigated. During the past year 14 ports have been surveyed and investigated in the provinces of Albay, Tayabas, Sorsogon, Cebu, Iloilo, Antique, and Negros. Plans and estimates are being made for the improvement of the ports whose commerce or future prospects will warrant the investment.

PHILIPPINE COAL SUPPLY.

The government is especially desirous of seeing the coal fields of the Philippine Islands developed. Work is being pushed on several mines, notably on the island of Cebu and the small island of Batan. The bureau of navigation has been using the coal from the East Batan Coal Mining Company for several years and finds it can be done with economy. This company has pushed its development and has great natural advantages, having an excellent port with deep water almost at the mouth of their tunnels. The government rate of ₱6 per ton enables it to purchase the coal and transport it to the different parts of the islands and still make a saving over Australian or Japanese coal. It is hoped that some way will be found to assist the company to put in better facilities to expedite loading and unloading and diminish the cost of handling, and with this stimulus the capacity and output will be very largely increased and this very important and promising industry be developed.

COAST AND GEODETIC SURVEY.

COST.

The total cost of the work during the fiscal year was ₱601,290.88, of which approximately ₱370,000 was paid from United States funds. The United States expenditures will probably be considerably increased, as the vouchers for repairs and supplies for the steamer *Pathfinder* have not yet been received. The total expenditures of the bureau from insular appropriations for 1909 were ₱229,898.24, as compared with ₱184,713.72 for the fiscal year 1908. This increase is due to unusual expenses for repairs and outfit, for which ₱37,000 remaining on hand at the close of the fiscal year 1908 to the credit of the bureau was carried forward for expenditure in 1909.

The insular appropriation for 1909 was ₱195,000, as compared with ₱205,000 for the fiscal year 1908. The appropriation for 1910 is ₱195,000.

The average cost per kilometer of coast line surveyed in 1909 was ₱491.60 (per mile, ₱791.17), an increase of ₱108 per kilometer over the cost of 1908.

PROGRESS OF WORK.

Since the American occupation 4,178 statute miles (6,723.87 kilometers) of the entire length of the general coast line of 11,511 statute miles (18,525 kilometers) have been surveyed. During the past fiscal year an advance of 6.6 per cent was made, so that at the close of the year 36.3 per cent (exclusive of Spanish and British work) of the entire coast line of the Philippine Islands had been surveyed for charting, as compared with 29.7 per cent on June 30, 1908. Seven hundred and sixty statute miles (1,223.11 kilometers) of general coast line were surveyed, as against 944 statute miles (1,519.23 kilometers) in 1908, a decrease which was due to the fact that three of the vessels have required extensive repairs which detained them in port much longer than usual. It should be noted, however, that while the amount of topography and hydrography, from which the percentage is figured, is somewhat less than that of last year, the amount of triangulation accomplished is greater, and on the whole good progress has been made.

The joint agreement between the United States and the insular government under which the survey is operated remains unchanged.

PERSONNEL AND EQUIPMENT.

There were on an average 50 Americans and 295 natives employed, a decrease of 5 Americans and an increase of 22 natives over the year 1908.

The following is a short summary of the work :

Number of vessels employed.....	5
Number of chartered launches employed.....	1
Number of officers and men on vessels.....	302
Number of miles of general coast line charted.....	760
Area sounded over (square miles).....	10,335

During the year 38 tidal stations were established and kept in operation during the work in their vicinity, and 3 self-registering gauges have been maintained throughout the year. Thirteen stations were occupied for magnetic observations.

GEOGRAPHICAL DIVISION.

This division has been in operation during the past fiscal year and 483 maps and sketches were received, of which 304 were received from the army and 179 from insular bureaus and offices. It is hoped that as time goes on the chiefs of bureaus will send in more and more information to this division, in order that it may serve the purpose for which it was organized and be the one place in the Philippine Islands where accurate and extensive geographical information and collection of maps is to be had.

BUREAU OF LABOR.

The bureau of labor authorized by Act No. 1868 was not organized during the fiscal year. On July 1, 1909, Hon. Manuel Tinio, who had resigned his position as governor of the province of Nueva Ecija, was appointed director of labor, and Hon. Bernardino Monreal, ex-governor of the province of Sorsogon, was appointed assistant director. As the bureau was not organized during the fiscal year, its operations will not be touched on here, but will be left to succeeding reports.

CORPORATIONS.

Under authority of the corporation law, Act No. 1459, orders for licenses for 24 foreign corporations were issued during the fiscal year 1909, of these 10 are American corporations, 7 British, 5 German, 1 Spanish, and 1 Swiss.

Respectfully submitted.

W. CAMERON FORBES,
Secretary of Commerce and Police.

To the PHILIPPINE COMMISSION,
Manila, P. I.

REPORT OF THE SECRETARY OF FINANCE AND
JUSTICE.

REPORT OF THE SECRETARY OF FINANCE AND JUSTICE.

DEPARTMENT OF FINANCE AND JUSTICE,
Manila, November 4, 1909.

GENTLEMEN: The secretary of finance and justice has the honor to submit for your consideration the eighth annual report of the work done during the fiscal year 1909 by the judiciary and the various bureaus under his control. Unless otherwise stated, this report comprises only the year ended June 30, 1909. Coincident with the beginning of that fiscal year—that is to say, on July 1, 1908—the undersigned assumed charge of the department of finance and justice.

JUDICIARY.

SUPREME COURT.

The condition of the docket of the supreme court is very satisfactory and confirms the statement made in last year's report that the court could transact business without delay. At the beginning of the fiscal year there were pending 501 civil and 229 criminal cases, a total of 730. During the year there were filed 302 civil and 366 criminal cases, a total of 668. There were decided 323 civil and 245 criminal cases, a total of 568; otherwise disposed of, 177 civil and 56 criminal cases, a total of 233. The total number of cases, therefore, disposed of by the court was 500 civil and 301 criminal cases, a total of 801, a number larger than the number of cases filed during the year. The 730 cases pending at the beginning of the year were reduced to 597 at the close of the year. Of the 597 cases pending, 25 were submitted, but decision not yet filed, 199 cases placed on the calendar for July, 1909, and the remainder docketed but not ready for argument.

During the year there were 118 candidates for admission to the bar. Of these but 23 successfully passed the examination.

Volumes X, XI, and XII of the Reports of the Supreme Court, in English and in Spanish, were published during the year and are now on sale. These volumes contain the decisions of the supreme court rendered up to February of the present year, leaving a few cases which were already decided at the close of the term of court to be included in Volume XIII.

COURT OF FIRST INSTANCE OF MANILA.

The state of the docket of this court is also satisfactory. During the year 754 civil cases were filed, as against 848 in 1908, and 1,080 disposed of, as against 536 disposed of the previous year. At the close of the year there were pending 989 civil cases, as against 1,315 at the beginning of the year. During the year 1,294 criminal cases were filed, as compared with 674 filed during the previous year, and 1,345 criminal cases were disposed of, as against 622 during the previous year, reducing the number pending at the close of 1908 from 111 to 60 cases pending at the close of 1909. The increase in the

number of criminal cases filed during the year was largely owing to the number of violations of the opium law. There were 18 customs-appeal cases pending at the beginning of the year, 34 cases were filed, and 23 decided during the year, leaving 29 pending at the close thereof.

In the report for 1908 it was announced that Judge Charles S. Smith had been assigned to assist the Manila judges, in order to enable the court to properly dispatch civil business within a reasonable time, and that the appointment of an additional judge for the court of first instance of Manila would not be necessary. Judge Smith remained in the Manila court from the 8th of July, 1908, until the 20th of February, 1909, when he left for the United States on vacation. To the assistance of Judge Smith is largely owing the decrease in the number of cases pending in the court of first instance of Manila. However, in estimating the importance of this assistance it must be borne in mind that Judge Crossfield was absent on vacation during the months of July and August and the first two weeks of September, 1908, and that Judge Lobingier during the vacation period of this year was detailed for special work in Baguio as a member of the former compilation committee.

COURTS OF FIRST INSTANCE IN THE PROVINCES.

During the year there were filed in all the courts of first instance in the provinces 2,915 civil cases, as against 3,044 filed during the previous year, and there were disposed of 2,694 cases, as against 2,431 disposed of during the previous year, leaving pending June 30, 1909, 2,367 ordinary civil cases and 1,660 probate cases, a total of 4,027. During the year 5,369 criminal cases were filed, as against 4,516 filed during the previous year, and there were disposed of 5,305 criminal cases, as against 4,086 during the previous year. As will be seen, during the year there were filed a less number of civil cases, but a much greater number of criminal cases. A larger number of both civil and criminal cases was disposed of during the previous year than during 1909. This work could be brought up to date if the services of the four judges at large could be utilized to assist the regular judges of the courts of first instance, and the court of land registration were provided with the number of judges authorized by law, in which case there would be no necessity of assigning any judge at large to act as judge of the court of land registration. The only change made in the personnel of the service, aside from those mentioned in last year's report, was the appointment of Judge Vicente Nepomuceno, on March 16, 1909, as judge at large, in place of the Hon. Juan Sumulong, who was appointed commissioner.

The collections made by the various courts were as follows:

Supreme court.....	₱13, 523. 85
Court of first instance, Manila.....	43, 185. 11
Courts of first instance, provincial.....	111, 162. 84
Total.....	167, 871. 80

Of which amount the sum of ₱130,124.46 has been deposited to the credit of the judiciary appropriation under the provisions of section 5 of Act No. 1873. The balance, ₱37,747.34, accrued to other branches of the government, such as customs and internal-revenue appropriations, and the opium fund.

COURT OF LAND REGISTRATION.

There were filed during the year 1,393 applications. The value of the property represented by these applications amounts to ₱18,747,000. During the year 1,151 applications were disposed of, as against 828 during the previous year. Notwithstanding this, owing to the fact that the number of cases filed during the year exceeded those filed during 1908 by 494, at the close of the year there were pending 1,758 cases, as against 1,516 pending at the close of the previous year. The increase, however, in the number of cases filed during the year was not as large as was expected, in view of the liberal provisions of Act No. 1875 suspending all judicial fees except those of the sheriff. This is attributed to the fact that few surveyors have passed the necessary examination in the civil service or an examination by the bureau of lands to entitle them to make surveys for the court of land registration. In order to properly take care of the business of this court it will be necessary to fill the three positions of auxiliary judge created by Act No. 1875. The total amount of land registered in the islands during the year was 26,655 hectares.

The total amount of land registered since the establishment of the court up to June 30, 1909, is 161,684 hectares. This figure does not include public lands alienated, granted, or conveyed to persons or public or private corporations, which, under the provisions of section 122 of the land-registration act, were brought under the operation of said act. To know the extent of such lands it will be necessary to consult the records of the bureau of lands. For this reason I agree with the recommendation of the attorney-general that the director of lands forward all patents, grants, or documents coming under the provision of said section through the clerk of the court of land registration instead of the register of deeds direct.

JUSTICE OF THE PEACE COURTS.

A summary of the reports submitted by the judges of the courts of first instance regarding the work of the justice of the peace courts in their respective districts covering the period from November 30, 1907, to November 30, 1908, shows as follows:

Criminal cases:

Pending November 30, 1907.....	1, 713	
Cases filed.....	54, 201	
		55, 914
Dismissed.....	5, 332	
Cases decided.....	47, 336	
Pending November 30, 1908.....	3, 246	
		55, 914

Civil cases:

Pending November 30, 1907.....	1, 088	
Cases filed.....	14, 466	
		15, 554
Dismissed.....	3, 508	
Cases decided.....	10, 806	
Pending November 30, 1908.....	1, 240	
		15, 554

Costs, fees, and fines collected, ₱231,218.08.

The above does not include Abra, Masbate, Sorsogon, or Moro Province. It was impossible to secure reports from the justices of the peace in these provinces.

The above table shows a larger number of criminal cases, but a smaller number of civil cases, pending on the 30th of November, 1908, than on the same date of the preceding year.

During the year 189 justices of the peace and 245 auxiliary justices of the peace were appointed by the Commission, 12 and 33, respectively, refused appointment, 101 and 155 resigned, 24 and 12 were removed, and 12 and 9 died. Charges were brought against 41 justices of the peace for delinquencies in the exercise of their office, of which number 19 were suspended before investigation. Of these 41 against whom charges were brought 16 were removed and disqualified, 8 were removed, 9 were required to resign or resignation accepted, 4 were reprimanded or disciplined, and 4 declared not guilty. Charges were brought against 18 auxiliary justices for offenses committed in the exercise of their office, 5 of which were suspended before investigation. Of these 18, 5 were removed and disqualified, 7 removed, 2 required to resign or resignation accepted, 2 were reprimanded or disciplined, and 2 declared not guilty.

It must be confessed that the service of the justices of the peace is not as satisfactory as might be desired. Considering, however, the present system, nothing more could be expected, as justices of the peace are poorly paid, and they labor under the further disadvantage of having a limit fixed to the fees which they may receive in any one month, this limit being the amount of the salary received by the president of the municipality in which they hold office. The result is that when there is an accumulation of work and the fees exceed the salary of the president they may not collect all the fees earned, but only an amount equal to the salary of the municipal president. On the other hand, they must content themselves with the fees received, even though such fees may be far below the limit established. As a result of this condition of affairs people of the better class are not enthusiastic about occupying the office of justice of the peace. In many cases it is difficult to find honest and competent persons who are willing to accept the office, and those who do accept it hold it but for a short time.

The undersigned has under consideration a bill to reorganize the justice of the peace courts on the basis of a salary equal to that received by the respective municipal presidents, such salary to be paid by the insular government, and all fees, fines, and costs collected by the justice courts to be turned in to the insular treasury. The office of justice of the peace is of greater importance than that of municipal president, and encouragement ought to be given to the best educated and most responsible citizens of the municipalities to occupy this office, in preference even to that of municipal president. In this way more stability would be given to the office and more competent men entirely free from party influence could be obtained for the position. At the present time it frequently happens that when the municipal elections are over persons will accept the office of justice of the peace, only to present their resignation and again become candidates for some municipal office at the next election.

Another reform sought to be brought about by this proposed bill is that, upon recommendation of the judge of the court of first instance, a justice of the peace may be appointed for two or more municipalities, in which case the justice would receive an amount not to exceed 75 per cent of the combined salaries of the presidents

of the municipalities in which he holds office. This would be a distinct advantage, since one justice could in many cases, where the means of communication are good, easily attend to the work of two municipalities. In many instances it is almost impossible to find a competent person for the office residing in the municipality, in which case the remedy would be to have the justice of the peace of the adjoining municipality act as justice of the peace in both.

It is also proposed to require that the justices of the peace in provincial capitals be lawyers and to give them greater jurisdiction than the other justices of the peace, the judges of the courts of first instance concurring in such greater jurisdiction, giving them authority to hear and determine election protests and to issue interlocutory orders and other urgent orders of a temporary character. The necessity for this reform is evident in view of the fact that nearly every year eight or nine judges of the court of first instance go on vacation for five months, leaving their districts without any judge to hear urgent matters, and at election time in nearly all the provinces there is a demand for judges to hear matters connected with the election.

Owing, however, to the policy of the Commission to not consider any bill which involves an increase in the appropriation for the insular government, the undersigned refrained from submitting this proposed measure to the consideration of the Commission. It is the intention of the writer to submit the same at the next session of the Legislature.

BUREAU OF JUSTICE.

OFFICE OF THE ATTORNEY-GENERAL.

General work of the office.—During the year the office of the attorney-general furnished 280 written opinions to the chief executive and other officials. In the supreme court it filed briefs and arguments in 285 cases and appeared in 61 other cases by motion, etc. In the court of land registration it appeared and opposed registration in 318 cases and examined 154 cases without opposing registration. It conducted by its representatives 108 civil and criminal cases in the courts of first instance in Manila and in the provinces.

Administration of estates of deceased American employees.—During the year the attorney-general took charge of the administration of the estates of 34 American government employees. The total amount collected during this period on account of such estates was ₱9,843.40, while the total amount disbursed was ₱11,485.55. The balance on hand on June 30 of this year to the credit of unliquidated estates was ₱4,471.96.

Changes.—But few changes have been made during the year in the office of the attorney-general. The following assistant attorneys were appointed on the dates mentioned: Mr. Diego Gloria, on September 27, 1908, vice Isidro Paredes, appointed judge of the court of first instance at large; Mr. Felicísimo Feria, on January 23, 1909; Mr. George A. Malcolm, on March 1, 1909.

LAWS AFFECTING THE JUDICIARY AND CIVIL PROCEDURE.

Act No. 1888 amended section 73 of Act No. 190, as amended, by making its provisions with respect to the procedure to be followed in case of disqualification of a justice of the peace applicable to criminal as well as civil cases.

Act No. 1901 amended section 23 of Act No. 136, as amended, by providing that the amount of the bond of sheriffs of provinces shall be fixed by the insular auditor. Previous to the passage of this act the sheriff's bond was approved by the judge of the court of first instance, the amount of the bond being in all cases ₱20,000. The amendment was considered necessary in view of the fact that the liability of the sheriff is not the same in all provinces, and that the auditor, by reason of the examination which he makes of the accounts of the sheriff, is the most competent person to fix such liability.

Act No. 1919 amends section 34 of Act No. 190 by requiring certain conditions in order that persons not duly admitted to practice law may, when authorized by the judge of the court of first instance, appear for and defend other persons in justice of the peace courts. The necessity for this legislation has been felt for a long time, and the same has been frequently recommended by the judges of the court of first instance. Such authority may only be granted to citizens of the Philippine Islands or of the United States who are 21 years of age and who possess the necessary qualifications of learning and ability. The act also fixes the limit of compensation which may be received for their services by such authorized persons.

Act No. 1934 amended section 614 of Act No. 190 by fixing 18 years, instead of 14, as the minimum age at which a person may make a will.

Act No. 1942 provides the means whereby poor defendants in the courts of first instance shall be defended free of cost.

Act No. 1946 further amends section 12 of Act No. 190 by providing for the continuation of the Spanish language as the official language of the courts until the 1st day of January, 1913.

Act No. 1956 is an act providing for the suspension of payments, the relief of insolvent debtors, the protection of creditors, and the punishment of fraudulent debtors. The need for an act of this kind has been long felt, as there has never been since the establishment of the courts any legislation on the subject of bankruptcy.

CRIME IN THE PHILIPPINE ISLANDS.

For the first time the attorney-general has presented a report on the subject of crime in the Philippine Islands. It is rather more than a mere report, being, in fact, an exhaustive study of the subject, containing comparative statistics covering more particularly the last five years. It is a highly interesting work and worthy of careful consideration, containing, as it does, data of the greatest value to the government in its efforts to assure public peace and order and to lessen the commission of crime. The work reflects the highest credit upon its author, the Hon. Ignacio Villamor, showing most painstaking labor, thoughtful study, and an unusual talent for gathering and classifying data, drawing conclusions therefrom, and suggesting remedies for the evils which an examination of such data shows to exist. The work comprises 102 pages and 54 tables. It would be difficult to epitomize and condense even the more salient portions of this interesting monograph without extending this report to unusual length. I beg leave, therefore, to call attention to this work of the attorney-general, and especially to that part of the same under the head "Conclusions relative to criminality in the Philippines."

BUREAU OF THE TREASURY.

FINANCIAL STATEMENT.

The following statement shows the balance on hand at the close of the fiscal year 1908 and the receipts, withdrawals, and currency exchanges during the period July 1, 1908, to and including June 30, 1909:

GENERAL FUNDS.

Balance on hand at close of business June 30, 1908.....		P19, 448, 739. 53
Receipts during fiscal year, account of:		
Customs.....	P17, 289, 373. 17	
Internal revenue.....	4, 777, 460. 90	
Miscellaneous.....	851, 118. 95	
City of Manila (including proceeds from sales of bonds).....	4, 875, 889. 05	
Repayments.....	32, 513, 154. 02	
Currency exchanges.....	75, 959, 826. 70	
		<hr/> 136, 266, 822. 79
Total.....		155, 715, 562. 32
Withdrawals:		
Warrants paid.....	190. 90	
Check vouchers paid.....	47, 204, 076. 30	
Currency exchanges.....	75, 959, 826. 70	
		<hr/> 123, 164, 093. 90
Balance on hand at close of business June 30, 1909.....		32, 551, 468. 42

DEPOSITARY ACCOUNTS.

Balance on hand at close of business June 30, 1908.....	P6, 010, 240. 33
Deposits during fiscal year.....	113, 346, 323. 71
Total.....	<hr/> 119, 356, 564. 04
Withdrawals during fiscal year.....	113, 256, 940. 48
Balance on hand at close of business June 30, 1909.....	<hr/> P6, 099, 623. 56

CERTIFICATE REDEMPTION FUND.

Balance on hand in fund at close of business June 30, 1908.....	P18, 883, 699. 00
Certificates issued during fiscal year.....	P12, 421, 000. 00
Certificates retired during fiscal year.....	8, 507, 245. 00
Net amount issued during fiscal year.....	<hr/> 3, 913, 755. 00
Balance in fund at close of business June 30, 1909.....	<hr/> P22, 797, 454. 00
Total funds in hands of insular treasurer at close of business June 30, 1909.....	61, 448, 545. 98
This balance was distributed as follows:	
In treasury vaults.....	United States currency. \$3, 941, 397. 11
Certified checks on local banks.....	Philippine currency. P29, 565, 169. 78
On deposit with authorized depositaries in the United States.....	450, 594. 96
On deposit with local banks.....	.....
Fixed deposits with authorized depositaries in the United States.....	752, 119. 47
Fixed deposits with local banks.....	.....
	<hr/> 2, 564, 743. 89
	<hr/> 14, 057, 958. 94
	<hr/> 33, 332, 628. 10

Included in the above statement of general funds are the cash balances in the following trust funds:

Gold standard fund.....	₱13,456,178.31
Friar lands bonds, sinking fund.....	287,868.29
City of Manila, sewer and waterworks construction bonds fund.....	2,039,194.54
City of Manila sewer and waterworks bonds, sinking fund.....	148,115.92
Money-order funds.....	1,062,768.12
Postal savings bank funds.....	1,056,923.97
Constabulary pension and retirement fund.....	110,536.91
Assurance fund, Act No. 496.....	38,185.07
Insurance fund, Act No. 1728.....	58,475.22
Fidelity bond premium fund.....	244,592.63
Public works and permanent improvements bonds sinking fund.....	6,368.79
Total.....	18,509,207.77

In addition to the above trust funds the Rizal Monument fund is held by the insular treasury under Act No. 243. The balance of this fund, however, has not been included in the above statement, this fund being administered separately by the insular treasurer. The Rizal Monument fund consists of ₱115,458.89 in fixed deposits with local banks and ₱7,464.20 in the hands of the insular treasurer.

INTEREST COLLECTED.

The insular treasurer collected during the year as interest the sum of ₱703,569.98, of which ₱349,392.78 belongs to the general fund and the remainder to the various trust funds administered by him. The total amount of interest received from deposits during the fiscal year shows a decrease from that received during the preceding year from the same source. This decrease is due to the fact that the rate of interest paid by banks in the United States was lower than that paid during the previous year.

BANKS AND BANKING.

Agricultural bank.—The Agricultural Bank of the Philippine government was opened on October 1, 1908. During the nine months the bank has been in operation 417 applications for loans have been received, amounting to ₱464,961. Of these applications 11 were withdrawn, 19 returned on account of being incorrectly made out, 150 were under consideration by the provincial boards of the various provinces at the close of the fiscal year, 196 were refused on account of bad title, 15 refused on account of insufficient security, and 3 refused on account of the money being wanted for other than agricultural purposes. Only 23 applications, amounting to ₱55,450, were approved.

As will be seen, only a little over 5 per cent of the capital of the bank has been loaned out during the first nine months of operation, notwithstanding the wide publicity given to the announcement that the bank was in operation and setting forth the conditions under which loans could be made. A serious difficulty is encountered in the many poor titles to property. It is hoped, however, that in the next few years the operations of the bank will have largely increased, judging by the increase in its operations during the last few months.

Owing to the small business done by the bank the expenses were greater than the income, and there remained at the close of the year

a deficit of ₱1,638.83. The expenses of the bank were ₱3,293.70, and the receipts ₱1,654.87. It should be borne in mind, however, that the greater part of the expense was for printing, amounting to ₱2,685.13, necessary in starting the bank and in advertising the same. It has not been considered advisable up to the present time to receive deposits on interest, for the reason that so far it has been impossible for the bank to loan its capital.

Act No. 1909 amended the original Act No. 1865, which created the Agricultural Bank, by providing that loans may be made for the following purposes in addition to those specified in Act No. 1865: For the repair or maintenance of drainage and irrigation works—the original act included only the construction of drainage and irrigation works—to aid in the purchase of agricultural land, clear land and bring it under immediate cultivation, to pay for labor employed in agricultural work, and to pay any other expenses connected with planting, raising, cultivating, harvesting, or caring for any kind of farm crop or agricultural products or preparing the same for market. Act No. 1909 also extended the prohibition against any official of the bank exacting or receiving any fee for services in obtaining a loan, or for the use of his influence to obtain a loan, by including in such prohibition any person acting for the bank or any official of the insular, provincial, or municipal government.

Postal savings bank.—Attention is invited to the report of the secretary of commerce and police for an account of the operations of the postal savings bank during the fiscal year.

Private banks.—During the year the insular treasurer, in fulfillment of the duty imposed upon him by law, through his deputies examined the commercial banks in operation in these islands, as well as the Monte de Piedad and Savings Bank. From the comparative consolidated statement of the resources and liabilities of the commercial banks in operation in these islands, i. e., the Hongkong and Shanghai Banking Corporation, the Banco Español Filipino, the Chartered Bank of India, Australia, and China, and the International Banking Corporation, it appears that the financial condition of these banks has improved. From this statement it also appears that the amount of deposits in current accounts on June 30, 1909, was ₱14,783,381.33, as against ₱9,990,304.05 on June 30, 1908, or an increase of ₱4,793,077.28. The amount of time deposits on June 30, 1909, was ₱5,573,502.49, as against ₱8,568,823.13 on the same date in 1908. These figures evidence an undoubted improvement in the financial condition of the country, showing as they do a greater amount of money available in demand accounts, and that, on the other hand, there is less money lying idle in time deposits.

Banks in liquidation.—The liquidation of the American Bank has not yet been completed, owing to the fact that up to the present time it has been impossible to dispose of certain small parcels of land which were transferred to the bank by one of the debtors who was unable to pay his note. The balance in the hands of the receiver at the close of the year was ₱3,785.90, while the claims amount to approximately ₱114,000. After deducting all expenses of receivership and other expenses in connection therewith, estimated at ₱2,500, there will be approximately 1 per cent left for the payment of claims. It is hoped that during the coming year the liquidation of the bank will be completed.

The S. Misaka Bank is still in the hands of the insular treasurer as receiver. It is expected that during the next fiscal year the liquidation of this bank will be terminated. The creditors will receive approximately 7 per cent of their claims.

Drafts between Manila and the provinces.—The total amount of telegraphic transfers and demand drafts sold during the fiscal year by the insular treasurer's office on the provincial treasurers aggregated ₱537,854.09, on which sales premiums amounting to ₱1,356.70 were received and credited to the gold-standard fund. The total amount sold by provincial treasurers on the insular treasury and other provincial treasurers aggregated ₱943,116.94, divided as follows: Telegraphic transfers, ₱303,377.54; demand drafts, ₱639,739.40. The total amount sold by the insular treasurer and all provincial treasurers aggregated ₱1,480,971.03 for the fiscal year, or approximately ₱125,000 per month.

It is somewhat disappointing that the average monthly sales of telegraphic transfers and demand drafts for this fiscal year did not come up to the average sales for the three months during which the act was in effect during the preceding fiscal year, viz., ₱150,000 per month. The decrease is probably due to interrupted telegraphic communication. The object in making a telegraphic remittance being to obtain quick delivery, if the telegraphic communication is interrupted the remitter will resort to other and less expensive means for remitting his funds. The amount of telegraphic transfers and demand drafts sold between points in the Moro Province and Manila could probably be increased 50 per cent if prompt and uninterrupted telegraphic communication could be maintained.

BOND ISSUES.

There has been but one bond issue during the fiscal year. On May 17, 1909, the Bureau of Insular Affairs sold the third and last series of sewer and waterworks construction bonds of the City of Manila, amounting to ₱2,000,000.

During the year the Philippine Railway Company was authorized by the government to issue bonds in the sum of \$1,820,000. This amount, with the \$3,770,000 of bonds issued during the previous year, make up the total amount of \$5,590,000 authorized to be issued at the close of this fiscal year.

No bonds have so far been issued by the Manila Railway Company under guaranty for payment of interest by the insular government.

During the year the insular government advanced interest to the railway company on account of its guaranty on said bonds to the amount of ₱339,745.80.

THE GOLD-STANDARD FUND.

The total amount of exchange sold during the year was ₱26,832,-249.28, including ₱3,877,990 sold to bureaus of the insular government and to the City of Manila, showing a slight decrease, amounting to ₱965,947.82, as compared with the total amount sold during the previous fiscal year. There was received during the year for interest on balances of the gold-standard fund with depositaries in the United States and in Manila the sum of ₱324,629.44, a decrease of

₱40,707.38 from the amount received on balances during the preceding fiscal year. All interest received was credited to the fund. The decrease in the amount of interest is due to the fact that the rate of interest paid by the banks during this year was less than that paid during the preceding year.

The net balance to the credit of the gold-standard fund on June 30, 1909, was: In Manila, ₱824,621.52, \$2,426,704.66 (₱4,853,409.32); in New York, \$3,888,450.95 (₱7,776,901.90); due from San Francisco mint, ₱4,302,593.65; total, ₱17,757,526.39.

CIRCULATION.

During the past year the mint returned to the insular treasury new coin to the amount of ₱19,603,135.27, of which amount ₱39,157.37 were centavos coined from corroded coins shipped the preceding fiscal year. The total amount of new coin received from the mint since the recoinage commenced was ₱40,307,135.27, all of which is from recoinage, with the exception of ₱3,000,000 coined from bullion purchased.

Up to June 30, 1909, there was received from the United States mint old coin to the amount of ₱33,745,501.80; new coin to the amount of ₱40,307,135.07; total, ₱74,052,636.87. Of old coin there were returned to the mint for recoinage ₱27,564,527. The amount of coin in the treasury on June 30, 1909, was ₱27,956,085.28. The amount in circulation was ₱18,532,024, as against ₱19,811,012.04 on the same date in 1908.

There were in the treasury vaults on June 30, 1909, silver certificates to the amount of ₱25,805,000, and in circulation ₱22,797,454, as against ₱18,883,697 in circulation on the same date in 1908.

Bank notes of the Banco Español Filipino in circulation amounted to ₱1,808,213.65.

The total amount of money in circulation in the islands on June 30, 1909, was ₱41,528,607.74, as compared with ₱40,337,982.04 on the same date of 1908.

EXPENSES OF CONDUCTING THE BUREAU.

During the fiscal year 1909 the expense of conducting the treasury bureau amounted to ₱109,517.95, as against ₱127,801.81 in 1908. Of this amount ₱90,084.64 were for salaries and wages, as compared with ₱110,518.76 for the year 1908, and ₱18,905.18 were for contingent expenses, as compared with ₱16,871.62 for 1908, the small remainder being for salaries, wages, and contingent expenses incurred in prior fiscal years.

CHANGES IN THE PERSONNEL.

On March 1, 1909, the insular treasurer, Mr. Frank A. Branagan, was made a member of the Philippine Commission, leaving the bureau in charge of the assistant treasurer, Mr. John L. Barrett, as acting treasurer. On April 17, 1909, Mr. Barrett was appointed director of the bureau, and on May 29, 1909, Mr. Jeremiah L. Manning was appointed assistant treasurer.

BUREAU OF CUSTOMS.

IMPORTS.

The various amounts mentioned in the following report of the bureau of customs are all expressed in United States currency.

The total value of commercial importations during the year amounted to \$27,794,482, as against \$30,918,745 during the year 1908. This falling off in importations is due principally to the decrease in the importation of opium and to the placing of large amounts of merchandise in bond and the suspension of orders pending the new tariff legislation. The United Kingdom, which since 1906 has held first place in the list of countries exporting products to the Philippine Islands, continues to hold that position. The United States again occupies second place, which it has held since 1905, with the exception of the year 1908. French East Indies holds third place. A general decrease is shown in the importation of nearly all products with the exception of foodstuffs. As in previous years the principal product of importation has been cotton goods. The value of these importations amounted to \$6,944,978 during the year, as against \$8,011,834 during the year 1908. Taking the average value of the importations since 1904 the importations made during the year 1909 have been a little above the average. During the year rice was imported to the value of \$4,250,223, as against \$5,861,256 in 1908. The importation of this commodity was less than any year since 1900 with the exception of 1907. In 1903 the value of the rice imported amounted to \$10,061,323, and in 1904 to \$11,548,814.

EXPORTS.

The total value of exports from the islands amounted during the year 1909 to only \$31,044,458, as against \$32,829,816 during the previous year. This decrease in the value of exports is not, however, owing to a decrease in production, but to the lower market value of hemp shipments and to the suspension of shipments of sugar on account of pending tariff legislation. The United States heads the list of countries with respect to the destination of local products, \$10,254,087, or 33 per cent of the total exports, worth of goods having been exported to that country. Great Britain comes next with \$5,846,900, or 18.8 per cent; then follow France with \$4,261,382; Hongkong with \$2,271,016; Spain with \$1,989,931; China with \$1,968,240, and Belgium with \$1,114,335. Exports to the United States, Great Britain, and Hongkong compared with those of the year 1908 show a decrease, owing to the causes above mentioned, the first two countries mentioned being the principal markets for hemp, and the last named for sugar. The exports to other countries, consisting of miscellaneous products, show a general increase. The principal export product, as in former years, has been hemp, the exports of this article amounting during the year to \$15,833,577, as against \$17,311,808 during the preceding year. The quantity exported, however, exceeded that of any previous year, aggregating 149,991 metric tons, indicating that these shipments were invoiced at a considerably lower price than that received the previous years. Of this amount 79,210 tons represents the largest exportation to the United States in the history of the trade.

In the exportation of copra a notable increase is shown both in value and quantity as compared with that of previous years. During the year 1908, \$5,461,680 worth of this product was exported, which amount was increased in 1909 to \$6,657,740. In the year 1900, 37,081,405 kilos were exported at an invoiced value of \$1,690,897, while during the year 1909, 105,564,781 kilos were exported with an invoiced value of \$6,657,740.

On the other hand, there has been a decrease in exportation of sugar. While \$5,664,666 worth of sugar was exported during 1908, only \$4,373,338 was exported during the year 1909. This puts copra second among exported products, in place of sugar, which held the second place during the preceding year.

The values of leaf tobacco, cigars, and cigarettes exported during the year 1909 were, respectively, \$1,674,033, \$1,083,702, and \$34,518, as compared with \$1,592,123, \$1,084,078, and \$38,345, respectively, for the year 1908.

BALANCE OF TRADE.

A comparison of the imports, valued at \$27,794,482, with the exports, valued at \$31,044,458, shows a balance in favor of the islands of \$3,249,976, which wipes out the debit balance that accumulated during the first five years of American occupation and results in a net balance of \$1,074,526 to their credit for the past eleven years, or an annual average in favor of exportation of \$97,684. These figures comprise only merchandise received through regular commercial channels and do not include the value of currency shipments or of supplies or equipment imported free of duty by the federal and insular governments and under authority of Act No. 1566 of the Philippine Commission by the railway companies, aggregating in all \$4,187,492. A large part of this privileged merchandise, consisting of cement, structural iron, and other material, has contributed to the general development of the business of the country, involving, as it does, the employment of labor in all parts of the islands.

CUSTOMS COLLECTIONS AND EXPENDITURES.

The receipts during the first six months of the year gave rise to serious apprehension that the general depression which began to be felt in 1907 would so affect trade as to notably diminish the total receipts for the year. For the first six months the gross receipts were \$20,000 less than for the same period of the preceding year. However, the increased receipts from all sources during the last six months have swollen the total receipts for the year to more than those of the year 1908, and more, in fact, than those of any year since 1902. The gross receipts for the year amounted to \$8,539,098.87, as compared with \$8,318,020.39 for the year 1908. The collections made during the year exceed the annual average for the period of American occupation by more than \$1,806,055. This increase is due principally to increased export duties. An increase is also shown in receipts from wharfage dues and miscellaneous sources. On the other hand, there has been a falling off in the amount of import duties.

The foregoing figures include receipts accruing to the credit of the government of the Moro Province and to the current appropriation of the bureau of customs and moneys subject to refund. The

net amount collected for account of the general revenues was \$7,652,054.

The total expenditures of the bureau of customs during the year, in all ports, amounted to \$475,031.31. Although the actual current expenses of maintaining the service were considerably less than those of the previous year, the total expenditures during 1909 exceeded those of the previous year by \$23,568.18, due to the extraordinary expenses incurred in providing the service with new launches. Of the total amount of expenses the sum of \$20,902 represents the expenses of the service in the Moro Province, paid from funds of the Moro government. By computing the cost of collecting the customs receipts upon a basis corresponding with that used by the United States Treasury Department, taking into consideration only those expenditures made for purely customs purposes, it is found that the cost of collecting each dollar is \$.036, which is considerably less than that of any port of the United States where the volume of business corresponds with that of the Philippine ports. The total amount collected during the year on exports was \$1,442,666.20, which includes \$598,917.69 subject to refund under the provisions of section 2 of the act of Congress, March 8, 1902. Refundable export duties which reverted to the government in the absence of claims within two years amounted to \$25,049.96. Duties collected on Philippine products in United States ports and credited to the insular treasury amounted to \$892,573.97. The net amount accruing to the insular treasury during the fiscal year 1909 on account of customs revenues was \$8,569,678.50.

FOREIGN CARRYING TRADE.

In the foreign carrying trade during the year there were effected 764 entrances and 750 clearances of vessels, representing an aggregate movement of 2,802,893 registered tons, as compared with 1,033 entrances and 1,010 clearances, representing an aggregate tonnage of 2,976,350 registered tons, in 1908. The value of the inward and outward cargoes amounted to \$58,838,940, of which British ships carried over 71 per cent and American ships four-fifths of 1 per cent. Spanish and German ships occupy second and third places, respectively, as in 1908, while Japanese ships have advanced to the fifth place, relegating ships registered in the Philippine Islands to the sixth place. The value of the products shipped to and from Great Britain amounted to \$11,255,741, or 19 per cent of the total value, while the value of the products shipped to and from the United States amounted to \$14,947,918, or 25 per cent of the total import and export trade.

COASTWISE TRADE.

Continued activity is shown in the interisland commerce by the increased number of entrances and clearances of vessels engaged in the coastwise trade between ports of the Philippine Islands. There were during the year 9,209 entrances and 9,218 clearances, an increase of 637 entrances and 650 clearances over the previous year. In the coastwise trade there were in commission at the close of the year 151 steamers and 424 sailing vessels, as compared with 164 steamers and 386 sailing vessels at the close of the fiscal year 1908. In addition to the vessels above mentioned there were 537 craft of various kinds licensed to operate in the rivers and harbors.

IMMIGRATION.

The total number of passengers arriving in the islands during the year was 12,080, and the total departures 11,433, this being a slight decrease in arrivals and a somewhat greater increase in departures over the year 1908. The American arrivals numbered 3,519; departures, 2,137. Chinese were admitted to the number of 5,756, while 5,508 departed during the year. The Japanese arrivals numbered 321; departures, 269.

The number of immigrants admitted during the year was 2,059. The number of alien residents returning to the islands was 5,411, as compared with 6,199 during 1908. Of the 5,756 Chinese admitted 3,763 were returning laborers and 957 returning merchants. There were 925 Chinese who arrived during the year for the first time, 32 of these being admitted on section 6 certificates. The number of Chinese children arriving in the islands during the year was 835, as compared with 938 in 1907 and 659 in 1908.

LEGISLATION AFFECTING THE BUREAU OF CUSTOMS.

Act No. 1885 authorizes the insular collector of customs to clear foreign vessels for any port of the Moro Province designated by him for that purpose. The principal object of this act was to facilitate the exportation of lumber taken from the public forests of the Moro Province.

Act No. 1900 amends Act No. 1288 by providing that the insular collector of customs shall perform the duties of commercial registrar concerning the registering of vessels as defined in Title II of the Code of Commerce.

Act No. 1912 amends the customs administrative act by providing a longer period during which merchandise may remain in bonded warehouse. This act was passed upon the recommendation of the collector of customs. It was believed that by extending this period to three years it would encourage the ordering of larger stocks of merchandise, and be of material benefit to the commercial interests of the islands.

BUREAU OF INTERNAL REVENUE.

COLLECTIONS.

The following is a résumé of the collections made by the bureau of internal revenue during the fiscal years 1908 and 1909:

	1908.	1909.
Internal-revenue taxes.....	P11,084,044.36	P11,742,534.38
Opium taxes.....	311,953.90	88,088.29
Weights and measures taxes.....	29,326.35	41,630.14
San Lazaro estate rentals.....	54,083.23	48,686.66
Sale public mineral lands.....	1,047.28	7,612.67
Total.....	11,480,455.12	11,928,552.14
Municipal taxes, City of Manila.....	2,859,318.03	2,765,851.18
Grand total.....	14,339,773.15	14,694,403.32

Collections under the first five heads above mentioned are for and on behalf of the insular government. Collections under the last-mentioned head are made by the collector of internal revenue as ex officio city assessor and collector for the City of Manila.

Internal revenue collections were made as follows:

	1908.	1909.
Manufacturers of alcohol and tobacco products.....	P4,707,951.48	P5,142,410.96
Matches.....	282,687.00	292,486.72
Licenses:		
Dealers in alcohol and tobacco products.....	502,183.93	496,038.36
Merchants, manufacturers, and common carriers.....	1,305,313.70	1,276,577.46
Occupations, trades, and professions.....	417,180.40	476,770.23
Mines and mining concessions.....	329.28	.....
Banks and bankers.....	167,892.02	170,684.40
Insurance companies.....	19,456.11	21,262.78
Documentary-stamp taxes.....	182,725.40	189,033.51
Cedulas.....	3,285,479.00	3,425,875.40
Forest products.....	211,570.62	251,380.00
Miscellaneous.....	1,275.42	14.56
Total.....	11,084,044.36	11,742,534.38

Judging from these figures, the collections made during the year are highly satisfactory. At the beginning of the year there were grave fears of a decrease in receipts from internal-revenue taxes, in view of the financial depression that was felt at the close of the fiscal year 1908. However, as compared with the fiscal year 1908 there has been an increase of P658,490.02, or about 6 per cent. Exclusive of the cedula tax this increase amounts to more than 6½ per cent. An increase is also noted in the weights and measures tax, as well as in receipts from the sale of public mineral lands. There is a considerable decrease in receipts from the opium tax, which will be explained later on, as well as a slight decrease in the collection of rents from the San Lazaro estate, due to the fact that on November 18, 1909, a portion of the estate was transferred to the Roman Catholic Church, from which portion the rents were thereafter collected by that body.

Offsetting the decreases with the increases, there remains a total net increase in the entire collections of the bureau of internal revenue for account of the insular government of P448,097.02.

Of the total amount of internal revenue taxes collected during the fiscal year 1909, there accrued to the insular government P4,749,510, against P4,919,307 during 1908; to the provincial treasuries, P4,098,308, against P3,438,131 in 1908; to the municipal treasuries, P2,880,765, against P2,726,606 in 1908.

COST OF COLLECTION.

The cost to the government of making these collections by the bureau of internal revenue was P654,636.91, equal to 4.48 centavos for each peso collected. This sum does not include the expense of collection incurred by the provincial governments. In addition to the above-mentioned expenditures, the sum of P39,746.70 was expended from the special opium fund in the enforcement of the opium law.

ALCOHOL AND TOBACCO PRODUCTS.

Taxes were collected on alcohol and tobacco products during the fiscal years 1908 and 1909, as follows:

	1908.	1909.
Distilled spirits.....	P1,729,757	P1,899,043
Fermented liquors.....	137,390	145,460
Smoking and chewing tobacco.....	110,752	126,078
Cigars.....	195,394	204,847
Cigarettes.....	2,534,657	2,766,982

From this table it will be seen that there has been an increase not only in the total amount of taxes on alcohol and tobacco products collected during the year 1909, but an increase in each of the items forming a part of the total amount. This increase argues a proportional increase in production.

There was an increase in the output of distilled liquors of 955,098 proof liters. Of this amount taxes were paid on 846,431 proof liters. During the fiscal year 1908, 592 proof liters were exported. During the year 1909 there were exported, sold to the army and navy for industrial purposes, and removed for experimental purposes in connection with the then pending denatured alcohol legislation, 108,667 liters.

There was an increase in the output of the one brewery in the islands during the year 1909 of 213,088 liters, of which amount 201,750 liters represents the increase in domestic consumption, and the balance the increase in exports.

During the year there has been an increase in the output of smoking and chewing tobacco of 31,928 kilograms. On the other hand, the exports of smoking and chewing tobacco, on which no taxes were paid, amount only to 26,801 kilos, as against 27,888 kilos exported during the fiscal year 1908, and 75,446 kilos exported during 1907. These figures show that the exportation of smoking and chewing tobacco is decreasing.

A marked increase in the production of cigars is noted from 1906, when the output was 168,526,079, to 1909, when 204,649,901 were produced. The production during 1908 was 198,754,787. The domestic consumption during the year 1909 amounted to 86,800,520, while 117,849,381 were exported to foreign countries. The increase in domestic consumption over the year 1908 amounts to 3,814,242, and the increase in the number exported is 2,080,872. The number of cigars exported to the United States during the year 1909 was 867,947, as against 29,570 during the year 1908. This increase is owing to the large shipments which were made to the United States during the months of May and June on account of the expected establishment of free trade between these islands and the United States. As will be seen, the total number of cigars exported does not reach the limit of 150,000,000 cigars which, under the provision of the Payne bill, may be exported each year to the United States free of duty. The annual increase in the consumption of cigars in these islands is greater than the increase in the number exported. Although it is hoped that with the establishment of free trade the exportation of

cigars to the United States will be greatly increased, several years will necessarily elapse before the exportation of cigars to the United States will reach the limit fixed for their free entry.

There is also noted a regular increase in the production of cigarettes. During the year 4,175,635,537 cigarettes were produced, as compared with 3,846,690,706 during the year 1908. Of this number, 4,122,385,209 were consumed in these islands, as compared with 3,774,303,310 during the preceding year, and 53,250,328 were exported, as against 72,387,396 in 1908. From these figures it appears that the consumption of cigarettes in these islands is on the increase, while the number exported is decreasing, as will be seen from the fact that 158,349,812 cigarettes were exported in 1907.

The increase in taxes collected on alcohol and tobacco products shows an undoubted improvement in the financial condition of the country. That this improvement reaches even the poorer classes is shown by the increased consumption of cigarettes and smoking and chewing tobacco, the consumption of these articles by the poorer classes being proportionally larger than that of alcohol and other tobacco products. Undoubtedly there would have been a greater increase in the production of tobacco had the manufacturers not been handicapped by a lack of leaf tobacco suitable for cigar wrappers. An effort, successful to a certain degree, to supply this deficiency has been made by putting in force certain leaf-tobacco regulations tending to improve the curing and preparation of tobacco and by offering tobacco bounties by the Government to encourage the production of better tobacco. Act No. 1917, passed May 19, 1909, amending Act No. 1767, provides for a larger number of bounties of smaller amounts than those fixed in the original Act No. 1767.

MATCHES.

The increase in taxes on matches is owing to the increased production of the only match factory in these islands, which increase amounts to $10\frac{1}{2}$ per cent over that of the preceding year, while matches imported during the year show a falling off of 12 per cent compared with the year 1908. In 1906 the consumption of domestic matches amounted to 58 per cent of the total consumption, 42 per cent represented the amount imported. This proportion in 1909 was, respectively, $73\frac{1}{2}$ and $26\frac{1}{2}$ per cent.

LICENSE TAXES.

Dealers in alcohol and tobacco products.—The falling off in taxes collected from dealers in alcohol and tobacco products can only mean that there has been a decrease in the number of such dealers. When there is taken into consideration, however, the fact that there has been an increase in the total sales of these products, it is evident that the business of such dealers has increased.

Merchants, manufacturers, and common carriers.—The percentage taxes collected during the year on these three classes of industry amounted to ₱1,276,577.46, as against ₱1,305,313.70 collected during the fiscal year 1908. Of this amount ₱1,168,748.53 were paid by merchants; ₱95,007.21 by manufacturers; and ₱12,821.72 by common carriers on their gross receipts; as against ₱1,207,190.57,

₱80,223.84, and ₱17,899.29 collected, respectively, from these three sources during the year of 1908.

According to these figures 91½ per cent of the total amount collected during the year was paid by merchants; 7½ per cent by manufacturers; and 1 per cent by common carriers. The comparatively small amount received from the percentage tax on gross receipts of common carriers is owing to the fact that vessels subject to customs tonnage dues are exempted from this tax, and that practically all the lines of railway are by the provisions of their franchises required to pay a franchise tax, to the exclusion of this and other taxes; and the decrease in this tax, as compared with the previous year, is accounted for by the fact that some of the railway companies which formerly paid this percentage tax have been during the year required to pay a franchise tax, becoming thereby exempt from the payment of a percentage tax on gross receipts.

A decrease of ₱28,736.24, or 2 per cent, is noted in collections from merchants and manufacturers as compared with the fiscal year 1908. It is to be observed that while in the sugar and copra producing provinces there has been an increase of 8 per cent and 23 per cent, respectively, in the hemp-producing provinces there has been a decrease of 16 per cent, as compared with collections during 1908. Taking into consideration the fact that the value of the hemp exported during the year was ₱2,956,462 less than that exported during the year 1908, this decrease in taxes collected is readily understood. It is attributable in part to the diminished purchasing power of the people in the hemp-producing provinces, but in greater part to the falling off in the market price of hemp. A considerable portion of this product on its way from the grower to the exporter passes through various hands, and with each successive sale at a diminished price, the decreased total of sales and consequent decreased amount of percentage taxed thereon becomes more noticeable. It is encouraging, however, to be able to state that during the last half of the fiscal year of 1909 there was an increase in the collections from merchants and manufacturers of 10½ per cent over the receipts from that source for the same period of the preceding year, indicating an increase of about ₱20,000,000 in the gross value of goods, wares, etc. (exclusive of liquors and tobacco products), sold by merchants and manufacturers:

Occupations, trades, and professions.—Of the total amount collected under this head, 75½ per cent was paid by owners of cockpits, all of which, under the provisions of the internal-revenue law, accrue intact to the treasuries of the various municipalities in which such taxes were collected. Four hundred and eleven municipalities availed themselves of the authority conferred upon them by law to impose additional taxes on cockpits. In 72 municipalities no cockpit licenses were issued during the year.

CEDULAS PERSONALES.

There has been an increase in collections from the sale of cédulas personales, or certificates of registration, during the year of ₱140,-396.40. The double cédula tax was put in force in 32 provinces, in which resided 92 per cent of the cédula-paying population, while in 1908 only 28 provinces enforced the increased cédula tax, the

inhabitants of which provinces represented 85 per cent of the cedula-paying population. Over 92½ per cent of the cedulae sold during the year were without delinquency charges, while in 1908, 89 per cent of the cedulae were so sold.

BANKS AND BANKERS.

The increase in the amount of taxes collected on banks and bankers is owing in a large part to the increased deposits in the banks. As shown by the amount of taxes collected on banks, the average monthly deposits have increased from ₱13,250,000 in 1905 to ₱19,250,000 in the calendar year 1908, not including deposits of the postal savings bank. Following is shown the average monthly deposits for the years 1905 to 1908, inclusive:

Calendar year.	Average monthly deposits.
1905.....	₱13,254,407
1906.....	13,837,774
1907.....	16,599,864
1908.....	19,257,582

OPIUM TAXES.

The falling off in opium-tax collections is owing to the fact that on the 1st of March, 1908, the importation of opium was prohibited, except for purely medicinal purposes, and the smoking of opium was likewise prohibited. Since that date no receipts have accrued from opium dispensary licenses, nor from opium smokers' certificates, and the only opium taxes in force are those imposed upon imported opium. The sums collected from this source and from fines for violation of the opium law amounted to ₱88,088.29 during the year 1909. The receipts from fines imposed during the fiscal year 1909 exceeded the receipts from the same source during the fiscal year 1908 by over ₱50,000.

The following is a summary of the operations under the opium law during the period from March 1, 1908 (the date on which the importation, traffic in, use, and possession of opium, except for medicinal purposes, became unlawful), up to and including June 30, 1909:

Number of persons charged with violations.....	2,217
Number of convictions (including cases compromised).....	1,715
Total amount of fines imposed.....	₱190,592.17
Average amount of fines imposed.....	₱121.70
Total amount of fines paid.....	₱102,263.39
Average amount of fines paid.....	₱98.42
Number of imprisonment sentences.....	307
Average term of imprisonment imposed, 3 months and 25 days.....	
Number of habitués treated in government hospitals.....	371
Number of habitués treated in private hospitals under government supervision.....	359
Number of alien offenders deported.....	13
Quantity of opium seized (bureaus of customs and internal revenue), kilograms.....	1,610

During the year 1909 only 52 kilos of opium were imported into the islands, while in 1905, before the enactment of any legislation restricting the opium trade, the importations of this drug amounted to 121,621 kilos, or about 134 tons.

Act No. 1910, passed May 1, 1909, amended Act No. 1761, known as the "opium law," the principal object of such amendment being, first, to provide a special fund, composed of all taxes, fines, and other moneys collected by authority of the opium law, to be used for carrying out the provisions of the opium law and the act of Congress approved March 3, 1905, prohibiting the importation of opium into these islands except for medicinal purposes; and, second, to fix a minimum fine and imprisonment, to be imposed upon persons convicted of using opium or permitting the same to be used, of 300 pesos and three months' imprisonment, respectively. Formerly no such limit existed, and in many cases the punishment inflicted was merely nominal. In view of the time elapsed since the passage of the act prohibiting the use or possession of opium, it was thought necessary, in order to make the prohibition effective, to fix a minimum to the punishment that might be imposed.

LEGISLATION AFFECTING THE BUREAU OF INTERNAL REVENUE.

Act No. 1897 amends subsection 4 of section 144 of Act No. 1189, known as "The internal-revenue law of 1904," by increasing the license tax on pawnbrokers from ₱200 to ₱400. This act originated in the Assembly. The Assembly committee, which favorably reported the same, characterized the occupation of pawnbroker as a very comfortable, safe, and lucrative business, and stated that the object of the act was, in the first place, to discourage usury by means of a heavy tax, and in the second place, to secure from such usury all possible profits for the benefit of the community.

Act No. 1899 amends section 126 of the internal-revenue act by providing that upon reinsurance by a company which has already effected the insurance and paid the tax no further tax shall become due. The reason for this act was that the total amount of tax collected on reinsurance amounted to so little and involved so much work on the part of the internal-revenue bureau that it was not believed that the small amount of revenue collected justified the existence of the tax.

Act No. 1936 amends subsection 5 of section 144 of the internal-revenue law by reducing the tax on theaters located outside of the city of Manila from ₱200 to ₱100, and by providing that the license tax on such theaters for the period of one month may be paid at the rate of ₱10. The necessity for this act is due to the fact that theaters in the provinces produce for their owners much less income than those in the City of Manila, and it was deemed advisable to issue monthly licenses to provincial theaters, most of which are only open at certain times of the year during the town fiestas.

Act No. 1940 imposes on wines and imitation wines, alcohol and tobacco products imported from the United States or foreign countries the same internal-revenue tax imposed on similar articles of domestic manufacture, increases the tax on distilled spirits and manufactured liquors produced by the fermentation of grain to 70 centavos per proof liter, instead of 25 centavos which other distilled spirits and manufactured liquors pay, and exempts from this tax denatured alcohol destined for use in the arts and trades and for fuel, light, and power.

Act No. 1944 relates to the prohibition against certain native wines or liquors. Many of these native wines or liquors have been examined

by the bureau of science and have been found to be as good and, in some cases, better than imported liquors, and there appeared to be no good reason for including them in the prohibition.

CONCLUSION.

The year has ended, and not only have the fears that the financial depression which began in 1907 would become greater, extending itself throughout the archipelago to the diminution of customs and internal-revenue receipts, not been realized, but, on the other hand, collections of internal revenue for account of the insular government show an increase of ₱448,097, and customs receipts show an increase of ₱221,078, as compared with the previous year. This increase in receipts shows an improvement in the financial condition of the country, as has heretofore been remarked. This improvement began in the second half of the fiscal year 1909, and continues to be noticed in the first four months of the present fiscal year. The inauguration of free trade between the United States and the Philippine Islands undoubtedly will produce a decrease in customs receipts, but, judging from the data furnished by the customs bureau, the deficit will not be as large as was expected, and this deficit will be very largely offset by the increase in internal revenue receipts.

Customs receipts accruing to the insular government which are subject to appropriation, not including Moro Province, show an increase for the month of July of ₱310,445.91, and for the month of August ₱225,525.51, over the same months, respectively, for the preceding year. In September there was a decrease of ₱193,474.85. There was again an increase in October of ₱227,690.45. These figures do not include receipts at the port of Balabac for the month of October of this year, such receipts being, however, comparatively insignificant. The total increase in the customs receipts for these four months was ₱570,187.02.

The internal-revenue receipts during the first four months of this year also show a gratifying increase. Comparing them with receipts during the same period of the preceding year, taxes on alcohol and tobacco products show an increase of ₱219,780.21, and on matches an increase of ₱11,265.32. There were collected on domestic wines ₱6,649.94, and on imported wines, alcohol, and tobacco products ₱117,021.78 since August 7 of this year, when Act No. 1940, imposing taxes on these products, was put in force by executive order. United States internal-revenue stamps have been sold to the amount of ₱37,522.98. There has also been an increase of ₱32,262.14 in the license tax of merchants, manufacturers, and common carriers, demonstrating a considerable increase in sales during these four months as compared with the same months of the previous year. In short, an increase is shown under all heads except dealers in alcohol and tobacco products, occupations, trades and professions, and insurance companies. The total amount of increase is ₱564,057.85, of which sum ₱433,667.93 accrues entirely to the insular government. This total increase, added to the increase in customs collections, amounts to ₱1,003,854.95.

Judging by these figures, one may conservatively estimate that the receipts from internal revenue, without taking into account the increased tax on alcohol products and cigarettes, which will be put

in force on the 1st of January next, will amount to a million pesos. The increased revenue by reason of the new rate of taxation on alcohol products and cigarettes, taking as a basis the sales of the preceding year, may be estimated at ₱1,000,000. Taking into consideration, however, that the factories will undoubtedly push their sales of these products as much as possible before the new tax goes into effect, and that consequently a decrease in sales will be shown for the second half of the year, and considering also the exemption from tax of denatured alcohol, it may be conservatively estimated that this increase will not fall below half a million pesos. The total increase in internal-revenue receipts, therefore, for the year may be conservatively estimated at a million and a half pesos.

Respectfully submitted.

GREGORIO ARANETA,
Secretary of Finance and Justice.

To the PHILIPPINE COMMISSION,
Manila, P. I.

REPORT OF THE SECRETARY OF PUBLIC
INSTRUCTION.

REPORT OF THE SECRETARY OF PUBLIC INSTRUCTION.

THE GOVERNMENT OF THE PHILIPPINE ISLANDS,
DEPARTMENT OF PUBLIC INSTRUCTION,
Manila, October 20, 1909.

GENTLEMEN: The secretary of public instruction has the honor to submit for your consideration the eighth annual report of the work accomplished during the fiscal year 1909 by the bureaus and offices under his executive control.

The undersigned assumed the office of secretary of public instruction on March 1, 1909, so that the work herein reviewed was executed largely under the guidance of his predecessor.

BUREAU OF EDUCATION.

LEGISLATION.

The Philippine Legislature, which convened on February 1, 1909, and adjourned sine die on May 20, 1909, enacted the following legislation dealing with the educational work of the islands:

Act No. 1907, an Assembly bill, made an appropriation of ₱2,000 from insular funds to assist the municipality of Imus, in the province of Cavite, in the construction of a building for an intermediate school.

Act No. 1910, a Commission bill, amended certain sections of the "opium act." This act, as amended, provides, among other things, a special fund from which payment of the salaries of Filipino insular teachers may be made and with which municipalities may be assisted in the construction of schoolhouses.

Act. No. 1914, a Commission bill, amended Act No. 1801, known as the "Gabaldon Act," by reducing the guaranteed attendance at schools established thereunder from 60 to 40 pupils, and by providing in the matter of the buildings "that the drawing up of the plans and specifications and the execution of the work shall be carried out in accordance with rules and regulations which shall be prescribed by the secretary of public instruction."

Act No. 1924, an Assembly bill, extended the teachers' scholarships created by Act No. 1807 to the inhabitants of the Christian municipalities and townships of Mindoro and Palawan and the subprovince of Abra.

Act No. 1931, an Assembly bill, provided for the establishment of classes for training in nursing and appropriated the sum of ₱20,000 to carry its provisions into effect. This was a continuation of work previously authorized.

Act No. 1935, a Commission bill, placed under the executive control of the Philippine library board all libraries belonging to any branch of the insular government. The consolidated libraries are known as "The Philippines Library." The board is composed of the

secretary of public instruction, the secretary of the interior, the secretary of finance and justice, and two other members who are appointed annually by the Governor-General.

Act No. 1938, an Assembly bill, provided for the appointment of scholarships in the Philippine Normal School, and for this purpose the sum of ₱30,000 was authorized expended from the funds heretofore accumulated under the "opium act."

Act No. 1954, a Commission bill, provided for the issuance of government bonds to the amount of \$1,500,000 to obtain funds for certain public works and permanent improvements. There were included among the permanent improvements appropriations of ₱189,000 for normal-school buildings in the City of Manila and of ₱100,000 for the assistance of municipal governments in the construction of buildings for central schools.

Act No. 1955, an Assembly bill, was the current appropriation bill. It carried an appropriation of ₱3,275,000 for the bureau of education and of ₱160,000 for the Philippine Medical School.

PRIMARY SCHOOLS.

During the year the efforts of the bureau of education have been devoted chiefly to the development of the primary school system. Under the plan heretofore adopted, the complete course of instruction in the public schools requires eleven years of attendance, divided as follows: Four years in the primary, three in the intermediate, and four final years in the high schools. During the past year the number of children enrolled in the primary grades was 570,502, of whom 350,643 were boys and 219,859 girls. In the month of February the enrollment reached its maximum, when there were 437,735 children in attendance. The number of Filipino teachers was increased during the year from 6,620 to 7,949.

As nearly as can be estimated, the number of children between the ages of 5 and 18 among the Christian population in the Philippine Islands is 2,100,000. If each child were kept in school during the entire eleven-year period, provision would have to be made for the instruction of that number of pupils; but it is well known that as a rule children do not complete the full course offered in the public schools. In fact, were we able to give each pupil a complete course in primary instruction we would be doing as much as is usually accomplished in those countries where modern systems of general education are in vogue. In other words, if every child were receiving a four-years' course, instead of 2,100,000 we would have in the schools practically one-third of this number, or 700,000 pupils; so that, by keeping that number in constant attendance in the schools, all the children in the Philippines would be receiving at least four years of instruction. It will be seen that gradually we are approaching this number; and, although the desirability of intermediate and secondary instruction is not lost sight of—for such instruction is given in every province of the islands—yet the goal which we have set ourselves is first to afford primary instruction to all children in the islands. In this connection it is interesting to note that, according to reports from the United States, the average amount of schooling obtained by the children there is only four and one-tenth years.

The following figures show the growth of primary instruction during the past seven years:

	Public schools (primary).	Filipino teachers.	Monthly attendance (March).
1903.....	a 2,000	3,000	a 150,000
1904.....	2,233	3,854	227,600
1905.....	2,727	4,036	311,843
1906.....	3,166	4,719	375,534
1907.....	3,435	6,141	335,106
1908.....	3,701	6,620	359,738
1909.....	4,194	7,949	b 437,735

a Estimated.

b February.

It must be stated, however, that the great proportion of these pupils are in the first grade. Of those attending during the past February, for example, 280,916 were in Grade I, 87,686 in Grade II, 35,438 in Grade III, and 17,795 in Grade IV. The desirability of keeping the pupils in school for at least the four primary years is so great that it has led to considerable agitation in favor of compulsory attendance at primary schools.

COMPULSORY ATTENDANCE.

The question of compulsory school attendance has given rise to very earnest debate both within and without the Philippine Legislature. At the last session of the Legislature the Assembly passed a so-called compulsory-education bill. The bill was rejected by the Commission, and its defeat was supported by this department. We have expended as economically as possible every dollar which has been appropriated for education from year to year, but we have never found that any school which we established lacked attendance. Before we can compel more pupils to attend the public schools it will be necessary to devise means by which more schools can be opened. This does not seem possible at present, the Legislature having materially reduced the school appropriation at its last session. It may be that in the near future larger appropriations than heretofore can be made and in this way opportunity gradually afforded all children in the islands to attend the public schools. When such provisions have been made, it will be time seriously to consider the question of compulsory attendance. The bill passed by the Assembly was, moreover, compulsory only in name, for the exceptions were so comprehensive that under its provisions no person could have been compelled to attend. This department believes that a compulsory-education law is and will be unnecessary and ill advised until the government is able to take care of all pupils who wish to be enrolled; and that when framed the law should in no way interfere with the rights of pupils to attend private schools, but require the attendance at the public schools only of those who otherwise would attend no school at all.

INTERMEDIATE AND SECONDARY SCHOOLS.

At the close of the school year 193 schools were giving intermediate and 37 secondary instruction. There were enrolled in the intermediate schools 18,502 pupils, of whom 14,495 were boys and 4,007 girls; in the secondary schools, 1,802 pupils, of whom 1,492 were boys and

310 girls. It is seen at once that instruction beyond the primary schools has been sought very largely by the boys, the girls apparently contenting themselves with a more elementary education.

The intermediate schools are serving many good purposes, not the least of which is training Filipinos as teachers for our primary schools. An effort has been made in a measure to specialize the training received in these schools, and to this end the following courses are offered: First, the general course; second, the course in teaching; third, the course in farming; fourth, the course in tool work; fifth, the course in housekeeping and household arts; and sixth, the business course. Most of these courses have been moderately successful both in enrollment and in the quality of the work done by the students. The course in tool work is one of these; in many intermediate schools boys are learning to use simple tools and to make many of the things which they require in their daily life. The girls are learning something in the way of housekeeping and of the care of the home, supplemented at times by instruction in weaving, spinning, and dyeing. They are learning to cut, fit, and make garments, to do plain cooking, and the rudiments of nursing and the care of infants—subjects about which there is widespread ignorance in the Philippine Islands. It is believed that the boys and girls going out of the intermediate schools are much better prepared for the duties of life than they would be without this special training.

FILIPINO TEACHERS.

The force of Filipino insular teachers has both increased in number and improved in character since the last report. One hundred and thirteen Filipinos are now engaged as district supervisors, 208 men and women are teaching in intermediate schools, while 3 men and 1 woman are giving secondary instruction. The remainder of the Filipino insular teachers are employed in the primary schools.

The average salary of a Filipino teacher is very low, and should be definitely increased in cases where the teacher shows capacity for the work. It is hoped that in the near future means may be found by which we will be able to offer our Filipino teachers considerable increases in pay in proportion as the quality of their work improves.

AMERICAN TEACHERS.

Owing to smaller appropriations and to special acts which from time to time have increased the number of schools without correspondingly increasing appropriations for their maintenance, the number of regularly employed American teachers has been somewhat reduced this year. It is exceedingly unfortunate that this should have occurred just now, for while it is believed that in a few years more we will succeed in developing Filipino teachers able to do better work and teach higher classes than heretofore, yet until we have done so a distinct loss is felt from this reduction in our American personnel.

Far more requests for American teachers have been received from provincial governors and other high officials than this department has been able to grant. One provincial governor—a Filipino—wrote to the undersigned setting forth the need of 26 additional American teachers in his province. He comprehended the situation

well, and it would greatly have aided the school work to have granted his request; but for reasons already stated all applications for an increased number of American teachers have of necessity been denied.

As a whole, the American teaching force is of a much higher class than ever before. There is no longer unusual difficulty in securing desirable teachers from the United States. And although we frequently lose some of our best teachers to other branches of the government, for whose work they have shown special aptitude, there are still in the service a number of teachers whose entrance into it was coincident with the establishment of civil government. The self-sacrifice and the interest these pioneer instructors have shown have greatly benefited the Filipino people.

THE ENGLISH LANGUAGE.

The instruction in the public schools from the time of their inauguration until the present has been altogether in the English language. In the opinion of this department this is as it should be, for we can not expect the people of these islands to make great and lasting progress until they possess and use a common language, irrespective of what that language is. We have for nearly ten years been teaching the boys and girls of the Philippines to speak and write English, and they are now beginning to enter the different avenues of Filipino life more or less prepared to take up their duties and burdens as citizens. Often, however, they find themselves handicapped by the fact that the language which they have learned is not everywhere in general use, either in business or official circles. A young man educated in our public schools is much disheartened, and, to a considerable extent, incapacitated, if, when he attempts to utilize his training, he finds himself called upon to transact his daily business in the Spanish language. Municipalities throughout the islands still retain Spanish as their official language, although in most of them there are ten persons who speak English to one who speaks Spanish. It is believed that the government should promptly take measures to establish English as the official language wherever possible. The recent postponement until January 1, 1913, of the time when English is to become the official language of the courts is a serious blow, not only to the public school system but to the Filipinos' very proper desire for nationality. Aside from the fact that English is the only language which the people of the islands may in time hope to possess in common, it is becoming more and more the universal language in which the business of the world is conducted; and as opportunities for the development of the material resources of the islands increase, we would greatly stimulate them by making the language of the Philippine Islands that which is so generally used by the business world.

SCHOOL BUILDING.

The construction of new school buildings has been seriously retarded by the fact that under present conditions it is almost impossible to obtain registered titles for lands upon which schoolhouses are to be erected. Owing to many unavoidable circumstances there has been great delay in obtaining surveys, and even after surveys have been made it has seemed almost impossible to secure the registration of the sites in the court of land registration. The Legislature made

provision for an increase in the personnel of that court, but up to the present time this increase has not been effected, with the result that municipal schoolhouse construction has been very largely discontinued.

The policy of the insular government in appearing as a contestant against almost every one of the registrations proposed by municipalities has also contributed largely to this result. It seems that a broad view of the purpose of the government would lead to the conclusion that there is hardly a better use to which public lands can be put than as locations for schoolhouses to serve those living in their vicinity.

This department therefore respectfully urges the development of the court of land registration and the adoption of a policy which will not put one branch of the government in the attitude of seeking to hinder and delay another branch in the accomplishment of a beneficent purpose.

PHILIPPINE NORMAL SCHOOL.

This important branch of our school work has been developed and improved throughout the past year, and to-day there are more students in attendance at the normal school than there have ever been before. The work of this institution has year by year been extended until now it provides not only a normal school education, but also a number of special courses, which it was thought should be given somewhere and for which no other school offered facilities. Insensibly, and apparently of necessity, the energies of the institution have been spread over various fields of education, perhaps somewhat to the detriment of the purposes which its organizers had in mind. It is believed that the necessity for doing a large part of this work at the normal school has ended, and that as opportunities for carrying it on elsewhere are given the work of that school may again step by step be restricted to the definite purposes for which the institution was created.

The construction of the general hospital upon the grounds heretofore occupied by the normal school necessitated the demolition of some of the buildings occupied by the school and so crowded the others that it has become necessary to move to a new location at the earliest possible date. This necessity having been anticipated by the Commission, grounds were secured not far from the present site, and an appropriation of ₱189,000 has been made for the erection of new buildings. However, owing to the doubt as to the effect which the customs tariff recently enacted by Congress will have upon the revenues of the islands, this money has not yet been expended, although it is hoped that within a short time it may be possible to begin construction.

The normal school is attended by hundreds of earnest youths, both boys and girls. All provinces of the islands are represented among its students. It has been of vast benefit to the schools everywhere, and by training teachers in larger numbers it is believed that its benefits may be even more greatly felt in the future. As stated above, the policy of the department is to develop the school along strictly normal lines and to offer, if possible, larger salaries to those who have completed its course than are given to teachers who have not acquired training of this character.

FILIPINO STUDENTS IN THE UNITED STATES.

From the general appropriations made for the bureau of education from year to year there have been maintained in various educational institutions in the United States a considerable number of Filipino students. This seemed absolutely necessary a few years ago, but as conditions here have changed the need thereof has become less and less. We are able now to give training in many branches and courses which heretofore could be secured only by going outside of the Philippine Islands; and as the various colleges of the university are organized and developed, the necessity of sending our students away to be educated will disappear entirely. Even now it is believed that a better education in tropical medicine can be secured in the Philippine Medical School than can be acquired by Filipino students in the United States. Owing to the decreased appropriations for school purposes and the urgent need of economy, if we are to continue the work already begun, it is believed that, in general, money appropriated for educational purposes can be better spent in the islands than in maintaining students abroad. A thousand pesos here will accomplish more and benefit a larger number of people than a thousand pesos spent in the United States. Therefore, it is believed best at least to restrict to the minimum, if not altogether to discontinue, the appointment of additional students to the United States.

NONCHRISTIAN TRIBES.

A special effort is being made to develop school work among the so-called non-Christians of the provinces of Nueva Vizcaya, Agusan, and the Mountain Province. Larger appropriations for this purpose have been made by the Commission than heretofore, and courses devised which in many respects are a modification of the courses given in other parts of the islands, and which, it is believed, are better suited to the needs of these primitive people. In many localities the inhabitants are displaying the keenest interest in the work, and the results so far obtained are most encouraging, and seem to promise greater returns than have yet attended our efforts.

INTEREST IN SCHOOLS.

There is beyond question a constantly increasing interest manifested in the public schools, not only by local officials but by the people in general. Numerous communities are contributing money from the public treasuries or funds raised by private subscription in order to obtain aid from "the Gabaldon Act" (Act No. 1801). These contributions have often entailed considerable sacrifices on the part of the people, and they have shown their willingness to make even larger ones in assisting the insular government in its work among them. The law requires the school sites to be registered before buildings are erected, and as soon as these registrations have been obtained, the results of the efforts of the people will be seen in the numerous new schoolhouses which will immediately begin to dot the islands. The benefits of an education seem to be well understood; and parents everywhere are straining their resources in order that the coming generation may enjoy the advantages of our public school system. The reduction in the appropriation for education by the last Legislature is not indicative of a lack of interest in the schools by that body,

but is only a part of the general retrenchment which has been attempted in all branches of the government. The undersigned has little doubt that, as soon as our revenues justify greater expenditure, the Legislature will be not only willing but anxious to increase these appropriations.

RESIGNATION OF THE DIRECTOR OF EDUCATION.

It is with genuine regret that I have to state that the bureau of education is about to lose the services of Dr. David P. Barrows, who for six years has been at its head. Doctor Barrows has had an exceedingly difficult work to perform, and has performed it well. The task of establishing a system of education in these islands under conditions differing from those in the home land has called for the exercise of ability of the highest order. Modeled in the beginning very much after the school system of the United States, our system has gradually been modified to meet local demands and conditions, and to its adaptation Doctor Barrows has contributed in the largest measure. While the system still lacks much of perfectly meeting our requirements, I doubt whether any man could have been found who could have brought about better results than he has. He has resigned to enter another field of labor, but the time will never come when the school system of the Philippine Islands will not feel the impress of his personality and when the people will not have cause to be grateful for the services he has rendered them.

THE UNIVERSITY OF THE PHILIPPINES.

During the latter part of the fiscal year the matter of establishing some of the colleges provided for the University of the Philippines—an institution authorized by the first Philippine Legislature at its special session—was taken up. The appropriation made for this purpose was most meager, but a beginning has none the less been made.

The Philippine Medical School, established by a special act some years ago, was, by the provisions of the "university act," to become the school of medicine of the university whenever two other schools were equipped and in operation. The report of the dean of the Philippine Medical School speaks for itself. It shows the high standards which have been set for that institution and the excellent work which it has done.

The board of regents of the University of the Philippines established an agricultural college and a school of fine arts, both of which are now in operation, and has provided for a college of veterinary science, which will be opened as soon as buildings for its use can be constructed.

The college of agriculture has been located near Los Baños. The bureau of education had already secured options upon lands in the province of La Laguna, some 3 miles from that municipality, to be used for an agricultural school. These options were turned over to the board of regents; the land has been bought and the registration of the title is now being sought through the court of land registration; pending the securing of which it is not possible under the law to erect permanent buildings. Plans have been prepared, however, and as soon as the title is registered bids will be secured for the construction of these buildings. Meanwhile a temporary building has been erected in which classes are being conducted and a school maintained. Some

50 students have been admitted and are showing much interest in their work, seeming to understand that the future of this country depends very largely upon agricultural development.

The school of fine arts was temporarily established in the city of Manila in a house rented for that purpose on Calle San Sebastian, Quiapo. An exceedingly great amount of interest was taken in this school and hundreds of the Filipino youth applied for admission. By gradually eliminating the inept the number of students has been considerably reduced, so that the faculty, which consists of 7 professors, is now able to handle the students in a fairly satisfactory manner.

For a veterinary college land has been secured in connection with the Pandacan quarantine station, and here is being constructed an animal hospital and schoolrooms and laboratories for the study of veterinary science. As soon as these buildings are completed classes will be opened.

It is hoped that the Legislature will provide for the opening in the near future of a college of liberal arts and a college of engineering as a part of the university, under the control of the board of regents.

This body has taken a very active and earnest interest in the establishment and operation of these various schools, with the successful inauguration of which will, as has before been stated, pass the necessity of sending students to the United States to obtain a college education at the expense of the government.

BUREAU OF SUPPLY.

The business of this bureau during the past year has been conducted in its usual satisfactory manner, showing an increase of more than 40 per cent over that of 1908. The cost of operating expenses as compared with the net value of sales has been reduced to less than 7 per cent. The amount of merchandise carried in stock is ₱1,434,142.91. This is a greater amount than has heretofore been carried, due chiefly to the large amount of construction which the government at present has under way, and which makes it necessary to have immediately available a considerable stock of steel, cement, and heavy building materials. The cost of cement has been reduced from ₱5.10 per barrel to ₱4.16, and the cost of coal from ₱11.92 per ton to ₱10.55. The total amount of sales made during the year was ₱6,002,615.14. Local purchases made during the fiscal year 1909 amounted to ₱3,649,478.58; purchases in the United States and foreign countries, to ₱1,965,845.24.

DIVISION OF COLD STORAGE.

The net earnings of the division of cold storage for the fiscal year 1909 were ₱355,759.57. Were the division of cold storage not by law prohibited from competing with private concerns, it is probable that the amount of sales would be very largely increased. As it is now, there are two private institutions in Manila which sell ice at a lower price than is charged by the division of cold storage, but the business of the division nevertheless shows a constant increase.

The report of the purchasing agent, including that for the division of cold storage, shows in the most comprehensive manner the work of this important bureau.

BUREAU OF PRISONS.

It was stated in the last annual report that insular prisoners had been distributed among a number of stations. This plan has been continued during the present year. The following table shows the distribution of prisoners on June 30, 1909:

Bilibid prison.....	2,783
Iwahig penal colony.....	712
Camp Avery.....	1,002
Leyte.....	28
Samar.....	2
Calarian prison.....	5
Luneta police station.....	20
Hospicio de San Jose.....	11
San Lazaro Hospital.....	36
Baguio Constabulary School.....	12
Total insular prisoners.....	4,611

Provincial prisoners at that time numbered 1,510, and were distributed as follows:

Antique.....	2
Albay.....	31
Ambos Camarines.....	19
Agusan.....	12
Benguet.....	17
Bataan.....	17
Batangas.....	43
Bulacan.....	20
Bohol.....	39
Cagayan.....	21
Cavite.....	40
Cebu.....	138
Capiz.....	76
Ilocos Norte.....	31
Ilocos Sur.....	52
Iloilo.....	89
Isabela.....	16
Laguna.....	21
Leyte.....	409
Mindoro.....	6
Masbate.....	17
Misamis.....	36
Mountain Province.....	31
Moro Province.....	103
Negros Occidental.....	38
Negros Oriental.....	59
Nueva Ecija.....	17
Nueva Vizcaya.....	5
Palawan.....	16
Pangasinan.....	156
Pampanga.....	30
Rizal.....	31
Surigao.....	8
Samar.....	41
Sorsogon.....	30
Tayabas.....	41
Tarlac.....	26
Union.....	12
Zambales.....	14
Total provincial prisoners.....	1,510

These, together with the 4,611 insular prisoners, make a total of 6,121 insular and provincial prisoners on June 30, 1909, an increase of 223, or 3.78 per cent more than the number reported on June 30, 1908.

The table which follows shows the commitments, transfers, releases, pardons, deaths, and other changes occurring in Bilibid prison during the past fiscal year:

In confinement June 30, 1908.....	2, 945
Received by commitment.....	3, 061
By transfer from other stations.....	794
Captured.....	6
Total.....	6, 806
Released by expiration of sentence.....	2, 001
Released on bond.....	122
Released by order of the court.....	32
Cases dismissed.....	44
Released by payment of fine.....	93
Pardoned conditionally.....	273
Pardoned unconditionally.....	19
Satisfaction of fine and sentence.....	21
Deported.....	66
Executed.....	7
Paroled.....	2
Died.....	129
Transferred to other stations.....	1, 214
Total.....	4, 023
In confinement June 30, 1909.....	2, 783

MAINTENANCE.

The gross cost of maintenance, including all expenditures for salaries and wages of officers and employees of the bureau of prisons (except the salaries and proportions of salaries of the industrial division, which are paid by that division), subsistence, office and prisoners' supplies, illumination, burial expenses, hospitals, gratuities, transportation to their homes of discharged prisoners, general repairs and improvements, per capita for the year was ₱157.86, or a daily average of ₱0.433. This figure includes Bilibid Prison, Iwahig penal colony, and the cost to the bureau of prisons of insular prisoners maintained at other prison stations. The daily per capita gross cost per prisoner at Bilibid Prison was ₱0.4263; at the Iwahig penal colony, ₱0.47763. The daily per capita net cost of maintenance for the year at Bilibid Prison was ₱0.32157; at the Iwahig penal colony, ₱0.47514.

IMPROVEMENTS.

The most important improvement completed during the year is the new hospital, which is located within the prison walls. This has taken the place of hospitals "A" and "B," the first of which was abandoned and torn down, the second vacated and its fixtures removed to Bilibid Prison. The hospital is modern, exceedingly well equipped, and offers facilities for the treatment of all classes of disease. As a large number of the prisoners are tubercular upon their admission to the prison, special attention has been given to the tuberculosis wards. The latest methods of treating these sufferers have been adopted, and it is confidently hoped that many of them will be benefited, if not entirely cured, during their term of imprisonment.

INDUSTRIAL DIVISION.

The industrial division is, as heretofore, under the direct charge of the assistant director of prisons. Eleven hundred and seventy-eight prisoners were employed in the various shops and on construction work during the year. The total production for the year was ₱426,736.89, the total cost of operation ₱378,128.23, making a net profit of ₱50,608.66. Of the total production over ₱365,000 worth was for government use. In addition to the profit made, the sum of ₱92,243.61 was paid the bureau of prisons for prison labor, an increase of 43½ per cent over the previous year.

In this connection attention is called to the report of the assistant director of prisons, with the tables and data appended thereto, for more detailed information respecting the work of this division.

IWAHIG PENAL COLONY.

It is practically impossible to review the work which is being done at the Iwahig penal colony without in a large measure repeating the language of the annual report of its superintendent, to which reference is made.

This colony has been very successful in its operation along the lines heretofore marked out. Three of its officers are Americans, one chaplain a Spaniard, but all other officials immediately connected with the colony are Filipinos, of whom all but two or three are, or have been, colonists. The colony is maintained without a guard of any kind, and no firearms are permitted upon the reservation. There have been no serious breaches of discipline this year, and the work of the colony is proceeding satisfactorily under the direction of Mr. C. H. Lamb, the efficient superintendent. Many of the colonists after their terms expire are settling upon lands provided by the government adjacent to the main colony and are proving themselves self-supporting, reliable citizens.

It is hoped that within a short time a wireless station may be established at this colony, so that more direct communication may be had therewith. At present, communication is very irregular and infrequent, and the director of prisons and this department are not able to keep in as close touch with the colony as is believed to be desirable.

So far no very great success has attended the efforts in farming. This in a large measure has been due to the great amount of time and labor which have had to be devoted to the grounds and buildings, owing to the unprecedented floods of last year. It is hoped, however, that greater attention may be given to this feature of the work in order that the cost of maintaining the colony may be very considerably reduced. Something is being done in the way of irrigation, and it is believed that the report of next year will show a large development along agricultural lines.

PROPOSED LEGISLATION.

There are two important matters which this department recommends to the consideration of the Legislature. They are the question of a reform school for boys, and an habitual criminal act.

At present the government has no provision for a place for confining boys of tender years who have violated the criminal law. An effort has been made to provide such a place by contract with a private institution; but without in any way criticizing the institution, it may be said that the results are far from satisfactory. The government should by law provide that all boys under a certain age should, when convicted of crime, be sent to a separate institution where they will not be allowed to associate with confirmed criminals and in which they may secure the elements of an education, largely industrial. This would afford at least an opportunity for these juvenile prisoners to become good citizens. It is believed that such an institution may be provided at little cost. Buildings are perhaps already in existence which might be used, and under administrative authority the beginnings can be made; but it will require legislative enactment to give such an institution a sufficiently high degree of efficiency fully to justify its creation. A bill will be presented at the next session of the Legislature looking to this end.

The second matter upon which legislation is earnestly desired is a law which will deal with habitual criminals. An examination of the records of Bilibid Prison shows an astounding state of facts as to certain prisoners who have been repeatedly convicted of comparatively trivial offenses, and yet offenses which endanger the peace and security of the people. These men are scarcely out of prison until they again commit crime which, under the terms of our present law, can be punished only with a short term of imprisonment. Again and again the government is put to the expense of apprehending and convicting these men, and public order is menaced every time they are released from prison. Beyond any question, a law should be enacted which would provide, after a certain number of convictions, long terms of imprisonment for criminals of this character, regardless of whether or not the particular offense committed was a heinous one.

As a demonstration of actual conditions, the following table is given:

There were in Bilibid prison on June 30, 1909—

- 19 prisoners serving their third sentence.
- 10 prisoners serving their fourth sentence.
- 4 prisoners serving their fifth sentence.
- 5 prisoners serving their sixth sentence.
- 3 prisoners serving their seventh sentence.
- 4 prisoners serving their eighth sentence.
- 1 prisoner serving his ninth sentence.
- 3 prisoners serving their tenth sentence.
- 1 prisoner serving his eleventh sentence.
- 2 prisoners serving their twelfth sentence.
- 3 prisoners serving their thirteenth sentence.
- 1 prisoner serving his fourteenth sentence.
- 1 prisoner serving his sixteenth sentence.
- 1 prisoner serving his twenty-third sentence.
- 1 prisoner serving his thirty-second sentence.

This discloses a condition of affairs (especially in the City of Manila, for most of these prisoners are convicted within the City of Manila) which is appalling. A recommendation was made upon this subject in the last annual report of this department, but no action was

taken by the Legislature, and at the next session of the Legislature it is intended to present a bill which will provide in some measure for the relief of society and the public treasury by the imprisonment of such criminals for a long term of years. It is hoped that this may receive legislative support, to the relief both of the public treasury and of public order.

Minute details as to the operation of the bureau of prisons are contained in the report of the director of that bureau, which is commended to the study of all who are interested in prison work.

BUREAU OF PRINTING.

During the entire fiscal year 1909 the bureau of printing was in the charge of Mr. James A. Hoggsette, as acting director. During this time the director of printing, Mr. John S. Leech, was serving as Public Printer in the United States.

This bureau has been operated along the lines heretofore laid out and has continued to show increased efficiency. Receipts from all sources for the fiscal year 1909 amounted to ₱525,143.91. The available funds to the credit of the bureau at the beginning of the year were ₱149,504.76, including a special fund for the renewal of equipment worn out by wear and tear. Disbursements amounted to ₱468,570.11, leaving an available balance of ₱206,078.56. Ten per cent of the total value of the equipment on hand June 30, 1909, or \$41,191.90, was set apart for the wear and tear of equipment, and ₱18,145.59 was expended therefrom, leaving on hand ₱58,446.68. The product of the bureau was charged upon the regular scale of charges heretofore adopted; the difference between that scale and the cost of the product, ₱77,208.27, being credited to the insular, provincial, and City of Manila governments in proportion to the amount of work done for them. This is 14 per cent of the charges, the same percentage which was refunded during the past two years. The cost of equipment and supplies of various kinds on hand was ₱672,839.80, not including the value of public documents kept for sale, the estimated selling price of which amounted to ₱190,563.

Perhaps one of the most gratifying results obtained by this bureau is the marked increase in efficiency shown by Filipino employees during the year. The bureau of printing has demonstrated that the Filipino can be taught to operate complicated machinery and to do technical work of a high character. Evidence of this is the colored-process photo-engraving work, in which marked progress has been made during the year. The constant policy of the bureau has been to replace American with Filipino workmen as fast as the latter have demonstrated their capacity to do the same work.

This report has been curtailed and compressed into somewhat smaller limits than perhaps is usual, for the reason that it has seemed unnecessary to repeat in detail what is stated by the chiefs of the various bureaus. The reports of these officials are recommended to the study and consideration of the Philippine Commission and others interested.

Very respectfully submitted.

NEWTON W. GILBERT,
Secretary of Public Instruction.

To the PHILIPPINE COMMISSION,
Manila, P. I.

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